CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Galilee Energy Limited

ABN 11 064 957 419
and controlled entities

Contents

Directors' report

In accordance with a resolution of the Board, the directors present their report on the consolidated entity ("Galilee" or "Company") consisting of Galilee Energy Limited and the entities it controlled at the end of or during the half-year ended 31 December 2021.

Directors

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

Ray Shorrocks - Appointed 02/12/2013, Non-executive Chairman since 31/03/2018

Dr David King - Appointed 24/09/2013, Non-executive Director since 24/09/2013, resigned on 30 Nov 2021

David Casey – Appointed 1 Dec 2021, Managing Director since 01/12/2021

Stephen Kelemen - Appointed 31/03/2018, Non-executive Director since 31/03/2018

Gordon Grieve - Appointed 06/09/2019, Non-executive Director since 06/09/2019

Greg Columbus - Appointed 17/09/2020, Non-executive Director since 17/09/2020

Principal activities

Galilee Energy is a Brisbane based energy company with a high-quality portfolio of assets focused 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.

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. Gas supply shortfalls into the east coast gas market are forecast from 2023 by both the Australian Competition and Consumer Commission (ACCC) and Australian Energy Market Operator (AEMO). This timing accords well with the Company's significant uncontracted resource base and the cost competitiveness of its assets in comparison with alternative gas supply sources.

Results from operations

The net loss before income tax for the half-year ended 31 December 2021 was $8.1 million (31 December 2020: $11.5 million). The loss for the half-year primarily reflects the expenditure on exploration and evaluation of $8.3 million, which was comprised of the Glenaras pilot pump enhancement programme, Glenaras water management projects and the Glenaras pilot operating activities, in addition to staff costs and overheads.

Review of operations

The Company's flagship Glenaras Gas Project lies within the highly prospective ATP 2019 permit in Queensland's Galilee Basin. The permit covers an area of approximately 3,200 km^2 and is 100% owned and operated by Galilee Energy (Figure 1).

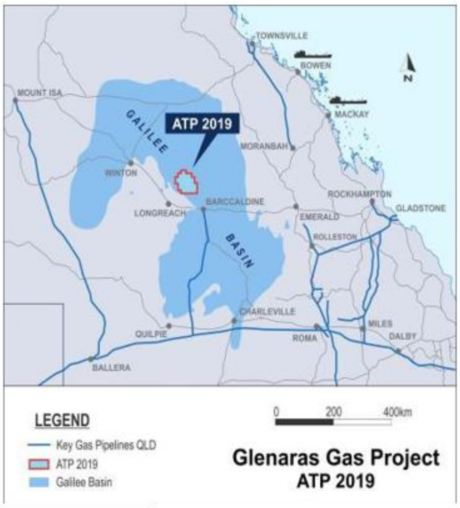


Figure 1.

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, because of the extensive historical exploration activity within the permit.

During the half, field operations have been concentrated on continued testing and refining of the optimised pilot configuration, with operations being directed specifically to an expansion of the pressure sink necessary to drive increased flows of desorbed gas. Progress was slower than expected due to difficulties encountered in maintaining all pumps on-line and at peak efficiencies which resulted in the requirement for a workover programme on the appropriate wells.

The workover programme, which was carried out safely and successfully over two separate campaigns in the half, installed appropriately sized new pumps in the G10L, G17, G20, and G23 wells, incorporating modifications to improve the handling of gas production, leaving the central G14L well as a valuable observation well. These pumps were brought back online, with water production gradually restored to a peak rate of 19,300 barrels of water per day (BWPD) in mid-December 2021. The reduction in water rates is

Directors' Report (continued)

associated with a reduction in reservoir pressure and the onset of modest gas desorption, although this does not necessarily translate to simultaneous increased gas production which is often delayed, particularly in low rank coals. The challenge going forward which is being addressed as a matter of urgency will be to expedite this process in the most cost-effective manner.

During the half, three irrigation areas were successfully utilised and four different forage fodder species were tested for suitability and yield (see photos below). The water handling capacity of the irrigation schemes together with the on-site water storage and reverse osmosis plant exceeds 20,000 BWPD.The performance of the cropping trials is a clear demonstration that the produced water is of sufficient quality to grow a range of commercial crops. This has potential for value creation beyond the existing gas business and represents the first step of an integrated process for Galilee as it looks to leverage off its unique position to manage and monetise its emissions strategy.

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.

The Springsure Project in ATP 2050 hosts both conventional and coal seam gas prospectivity, both of which have been proven commercial in the adjacent northern Denison conventional gas fields and the Mahalo project. Evaluation of multiple opportunities for both play types is ongoing with the intention of maturing high integrity locations for exploration drilling. ATP 2050 is strategically located in close proximity to present day conventional gas facilities and future planned coal seam gas facilities, which places potential new discoveries in a strong position for rapid development and supply to the east coast gas markets.

Exploration work continues at the Kumbarilla Project in ATP 2043, progressing the understanding of both the conventional oil and gas prospectivity and coal seam gas prospectivity of the permit. High-grading of future drilling locations remains the primary objective through integration of the reprocessed 675km of 2D seismic with the existing regional well control, the Kumbarilla Central 1, 2 & 3 exploration wells and the adjacent PL 1009 pilot production data gained from the data exchange with Shell.

During the half, the Board of Galilee Energy announced the appointment of Mr David Casey as Managing Director, effective 1 December 2021 to lead the Company into the next phase of its commercial development. Mr Casey is an internationally recognised expert in coal seam gas exploration and developments with extensive experience as manager and technical expert/advisor in projects across Australia and Asia. He has previously served in senior executive roles in several ASX listed companies, most notably in Eastern Star Gas Limited, where, as Managing Director he was instrumental in the establishment of 2+TCF reserves at the Narrabri Gunnedah Basin CSG Project prior to that company's sale to Santos for a total in excess of A$1Bn. Following Mr Casey's appointment, Dr King has stepped down as Managing Director and retired from the Board after eight years' service to the Company as Chairman, non-executive Director and interim Managing Director, effective from 1 December 2021.

The federal government has recently announced a gas-led recovery with the aim of unlocking gas supply, investment in new pipelines and fast-tracking interconnectors between the States. The Prime Minister specifically identified the Galilee Basin, amongst others, to be prioritised with a designated strategic plan, in addition to expanding the Wallumbilla site to develop an Australian gas hub. The stated aim is for gas to supplant coal as the transition fuel until renewable energy is sufficiently reliable, in turn providing a boost to the economic recovery post COVID-19 as well as increased jobs in the manufacturing sector. The Government is seeking to support the east coast gas market and to create a more competitive and transparent Australian gas hub by unlocking domestic gas supply, delivering an efficient pipeline and transportation market and empowering gas customers.

The Board has also commenced a programme to formalise its commitment to 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.

Notwithstanding the COVID-19 related logistic challenges in the movement of both personnel and equipment, and a consequential heavy reliance on "virtual" interactions, the Company's operations have not been significantly disrupted during the half.

Directors' Report (continued)

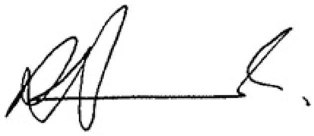
Matters subsequent to the end of half-year.

In February 2022, the Company successfully completed a share placement to institutional and sophisticated investors raising $11.8 million before costs to fund its ongoing activities in the Galilee Basin.
The Company has also offered eligible shareholders the opportunity to participate in a Share Purchase Plan targeting to raise up to $3 million on the same terms as the placement.
Except as disclosed, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations or the state-of-affairs of the Group in subsequent financial periods.

Auditor's independence declaration

The auditor's independence declaration is included on Page 4 of the Directors' Report for the half-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, 9 March 2022

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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 2021, 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, 9 March 2022

Consolidated Statement of Profit or Loss & Other Comprehensive Income
for the half-year ended 31 December 2021

	Consolidated	
	31 Dec 21	31 Dec 20
	$	$
Income		
Interest received	**16,396**	63,966
Other income	**3,000**	3,954,738
	19,396	4,018,704
Expenses		
Exploration and evaluation costs	**(5,977,665)**	(11,572,033)
Employee benefits expense	**(995,519)**	(794,564)
Contractors' & consulting fees	**(256,599)**	(316,489)
Professional fees	**(94,283)**	(177,780)
Corporate expenses	**(95,175)**	(110,251)
Occupancy costs	**(15,988)**	(18,470)
Administration expenses	**(311,937)**	(184,517)
Depreciation	**(328,960)**	(139,292)
Share-based payments	**(76,800)**	(2,202,820)
Total expenses	**(8,152,926)**	(15,516,216)
Loss before income tax	**(8,133,530)**	(11,497,512)
Income tax benefit/(expense)	**-**	-
Loss for the year	**(8,133,530)**	(11,497,512)
Other comprehensive (loss)/income, net of income tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**-**	-
Total other comprehensive income, net of income tax	**-**	-
Total comprehensive loss	**(8,133,530)**	(11,497,512)
Loss per share	**Cents**	Cents
Basic loss per share	**2.75**	4.15
Diluted loss per share	**2.75**	4.15

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 2021

	Note	Consolidated	
		31 Dec 21	30 Jun 21
		$	$
Assets			
Current assets			
Cash and cash equivalents		**10,124,792**	18,226,603
Trade and other receivables	5	**302,664**	339,376
Inventory	6	**1,289,682**	516,232
Total current assets		**11,717,138**	**19,082,211**
Non-current assets			
Trade and other receivables	5	**1,414,981**	1,282,766
Right of use asset		**341,400**	323,264
Property, plant and equipment		**157,149**	197,346
Total non-current assets		**1,913,530**	1,803,376
Total assets		**13,630,668**	20,885,587
Liabilities			
Current liabilities			
Trade and other payables	7	**2,010,880**	1,219,533
Lease liability		**142,640**	322,827
Total current liabilities		**2,153,520**	1,542,360
Non-current liabilities			
Lease liability		**190,651**	-
Provisions	8	**2,686,392**	2,686,392
Total non-current liabilities		**2,877,043**	2,686,392
Total liabilities		**5,030,563**	4,228,752
Net assets		**8,600,105**	16,656,835
Equity			
Issued capital	9	**122,127,507**	122,050,707
Reserves		**(4,665,794)**	(4,665,794)
Accumulated losses		**(108,861,608)**	(100,728,078)
Total equity		**8,600,105**	16,656,835

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 2021

	Issued Capital	Accumulated Losses	Non-controlling Interests Elimination Reserve	Foreign Currency Translation Reserve	Share-based Payments Reserve	Total
	$	$	$	$	$	$
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)**	**-**
	76,800	**-**	**-**	**-**	**-**	**76,800**
Balance at 31 December 2021	**122,127,507**	**(108,861,608)**	**(7,656,400)**	**(48,456)**	**3,039,062**	**8,600,105**
Balance at 1 July 2020	107,895,707	(84,960,924)	(7,656,400)	(48,456)	2,733,304	17,963,231
Loss for the period	-	(11,497,512)	-	-	-	(11,497,512)
Total comprehensive loss	-	(11,497,512)	-	-	-	(11,497,512)
Contributions of equity net of transaction costs	14,175,000	-	-	-	-	14,175,000
Share-based payments expense	-	-	-	-	2,202,820	2,202,820
Transfers	-	2,733,304	-	-	(2,733,304)	-
	14,175,000	2,733,304	-	-	(530,484)	16,377,820
Balance at 31 December 2020	122,070,707	(93,725,132)	(7,656,400)	(48,456)	2,202,820	22,843,539

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 2021

	Consolidated	
	31 Dec 21	31 Dec 20
	$	$
Cash flows from operating activities		
Payments for exploration (including GST)	**(6,518,180)**	(11,375,127)
Payments to suppliers and employees (including GST)	**(1,811,989)**	(1,789,882)
GST refunds received	**633,386**	1,251,272
Refundable deposits	**-**	(250,000)
Other income	**-**	3,954,738
Interest received	**19,368**	56,459
Net cash used in operating activities	**(7,677,415)**	(8,152,540)
Cash flows from investing activities		
Payments for property, plant and equipment	**(14,289)**	(199,694)
Refunds of/(Payments for) bonds and deposits	**(142,115)**	-
Net cash provided by/(used in) investing activities	**(156,404)**	(199,694)
Cash flows from financing activities		
Proceeds from issue of shares	**-**	15,000,000
Share issue costs	**-**	(825,000)
Payment for principal portion of lease liabilities	**(267,992)**	(96,820)
Net cash provided by financing activities	**(267,992)**	14,078,180
Net Increase in cash and cash equivalents	**(8,101,811)**	5,725,946
Cash and cash equivalents at the beginning of the period	**18,226,603**	18,088,917
Cash and cash equivalents at the end of the period	**10,124,792**	23,814,863

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 2021

1. Principal Activities

Galilee Energy Limited 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 2021 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.

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). 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.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2021

4. Segment Information (continued)

Segment performance

The following table shows the revenue and exploration and evaluation expenditure information regarding the Group's operating segments for 31 December 2021 and 31 December 2020.

	Australia Qld $	South America Chile $	Total $
31 December 2021			
Segment Result			
Segment Revenue	**-**	**-**	**-**
Exploration & evaluation costs	**(5,977,665)**	**-**	**(5,977,665)**
Segment result before tax	**(5,977,665)**	**-**	**(5,977,665)**
Reconciliation of segment result to Group loss before tax			
Interest revenue			**16,396**
Other income			**3,000**
Employee benefits expense			**(995,519)**
Consulting fees			**(256,599)**
Share-based payments			**(76,800)**
Professional fees			**(94,283)**
Corporate expenses			**(95,175)**
Occupancy costs			**(15,988)**
Administration expenses			**(311,937)**
Depreciation			**(328,960)**
Loss before tax			**(8,133,530)**
31 December 2020			
Segment Result			
Segment Revenue	-	-	-
Exploration & evaluation costs	(11,572,033)	-	(11,572,033)
Segment result before tax	(11,572,033)	-	(11,572,033)
Reconciliation of segment result to Group loss before tax			
Interest revenue			63,966
Other income			3,954,738
Employee benefits expense			(794,564)
Consulting fees			(316,489)
Share-based payments			(2,202,820)
Professional fees			(177,780)
Corporate expenses			(110,251)
Occupancy costs			(18,470)
Administration expenses			(184,517)
Depreciation			(139,292)
Loss before tax			(11,497,512)

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2021

5. Receivables

	Consolidated	
	31 Dec 21	30 Jun 21
Current	**$**	$
Trade receivables	**3,300**	223
GST receivable	**213,949**	118,287
Interest receivable	**2,795**	5,766
Prepayments	**82,620**	215,100
	302,664	339,376
Non-Current		
Environmental bonds and deposits	**1,372,863**	1,240,648
Rental bond	**42,118**	42,118
	1,414,981	1,282,766
	1,717,645	1,622,142

6. Inventory

Surface and down hole drilling stock	**1,289,682**	516,232
Total current inventories at lower of cost and net realisable value	**1,289,682**	516,232

7. Trade and other payables

Current		
Trade payables	**1,721,790**	937,175
Other payables	**272,253**	173,081
Employee benefits	**16,837**	109,277
	2,010,880	1,219,533

8. Provisions

Non-current		
Restoration & rehabilitation	**2,686,392**	2,686,392
	2,686,392	2,686,392
	2,686,392	2,686,392

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2021

9. Issued Capital

	Consolidated	
	31 Dec 21	30 Jun 21
	$	$
Ordinary shares - fully paid	**125,794,746**	125,717,946
Share issue transaction costs (net of tax)	**(3,667,239)**	(3,667,239)
	122,127,507	122,050,707

Movements in ordinary shares	**31 Dec 21**	30 Jun 21	**31 Dec 21**	30 Jun 21
	Number of Shares		**$**	$
Balance at the beginning of the period	**295,260,556**	271,451,032	**122,050,707**	107,895,707
Options exercised @ 63 cents	**-**	23,809,524	**-**	15,000,000
Share issue costs	**-**	-	**-**	(845,000)
Performance rights exercised @ 64 cents	**120,000**	**-**	**76,800**	-
Balance at the end of the period	**295,380,556**	295,260,556	**122,127,507**	122,050,707

10. Share based payments

The following table shows the share-based payments expense during the half-year with respect to performance rights and the movements in the Share-Based Payments Reserve during the half-year.

	Consolidated	
	31 Dec 21	31 Dec 20
Statement of comprehensive income	**$**	$
Share based payments expense included in employee benefits expense	**76,800**	2,202,820
Movements in share-based payments reserve		
Balance at the beginning of the period	**3,039,062**	2,733,304
Share based payments included in employee benefits expense	**76,800**	2,202,820
Transfer to share capital	**(76,800)**	-
Transfer to retained earnings	**-**	(2,733,304)
Balance at the end of the period	**3,039,062**	2,202,820

During the half year, the following performance rights were granted to employees as part of their remuneration.

Grant date	Expiry date	Opening balance	Granted during the period	Exercised during the period	Expired during the period	Closing balance	% Vested
01-Feb-21	01-Aug-21	-	120,000	(120,000)	-	-	100%
		-	120,000	(120,000)	-	-	

The following table shows the movements of performance rights during the half year and on issue at 31 December 2021.

Grant Date	Expiry Date	Assumed Vesting Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2021	Granted during the half year	Vested During the half year	Expired During the half year	No. of Rights 31 December 2021
01-Feb-21	01-Aug-21	01-Aug-21	64.00	-	120,000	(120,000)	-	-
				-	120,000	(120,000)	-	-

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2021

10. Share based payments (continued)

The following table shows the movements of share options during the half-year and on issue at 31 December 2021.

Grant date	Expiry date	Opening balance	Granted during the period	Exercised during the period	Expired during the period	Closing balance
01-Dec-20	01-Dec-23	8,000,000	-	-	-	8,000,000
18-Feb-21	01-Dec-23	2,500,000	-	-	-	2,500,000
		10,500,000	-	-	-	10,500,000

Details of the terms and conditions of share options on issue at the beginning of the half-year were as follows:

Grant Date	No. of Options Granted	Fair Value (cents)	Exercise Price (cents)	Expiry Date	Vesting Date	No. of Options Exercisable
01-Dec-20	8,000,000	27.5	150	1-Dec-23	1-Dec-20	8,000,000
18-Feb-21	2,500,000	33.5	150	18-Feb-24	18-Feb-21	2,500,000

11. Contingent liabilities

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

12. Commitments

Bank guarantees

National Australia Bank Limited have provided a bank guarantee totalling $1,378,705 (June 2021: $1,236,590) as follows:

- $1,336,587 (June 2021: $1,194,472) 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 Eagle Street, Brisbane premises.

The bank guarantees are secured by term deposits.

Exploration expenditure

To maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under the agreements. The timing and amount of exploration expenditure and obligations of the Group are subject to the minimum work or expenditure requirements of the permit conditions or farm-in agreements (where applicable) and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest.

At reporting date, the Group's minimum work program commitments for all its Queensland permits have been met. Actual expenditure may vary significantly from the minimum commitment obligations and will be dependent on the outcome of exploration activity currently being planned. At 31 December 2021, the company had issued purchase orders amounting to $2.5 million.

In the case of the United States of America and Chile there are no commitments beyond 31 December 2021.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2021

13. Events occurring after reporting date

In February 2022, the Company successfully completed a share placement to institutional and sophisticated investors raising $11.8 million before costs to fund its ongoing activities in the Galilee Basin.
The Company has also offered eligible shareholders the opportunity to participate in a Share Purchase Plan targeting to raise up to $3 million on the same terms as the placement.

14. Related party transactions

There are no related party transactions as at 31 December 2021.

Directors’ declaration

In the directors’ opinion:

(a) the financial statements and notes set out on pages 5 to 14 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 2021 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, 9 March 2022

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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 2021, 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 2021 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.

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 2021 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

Tim Kendall

T J Kendall
Director

Brisbane, 9 March 2022