

# Olympus Funds Management Pty Limited

ABN 30 120 221 623

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10 December 2013

ASX Limited  
Company Announcements Office  
Exchange Centre  
Level 4  
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Sydney NSW 2000

## **Olympus Funds Management Pty Ltd (ACN 120 221 623) – Takeover Bid for Galilee Energy Limited (ACN 064 957 419) (ASX: GLL) – Replacement Bidder's Statement**

I enclose, in accordance with section 633A(2) of the *Corporations Act 2001* (Cth) (as inserted by ASIC Class Order CO 13/528):

1. A copy of a replacement Bidder's Statement issued by Olympus Funds Management Pty Ltd (ACN 120 221 623) (**Olympus**), a wholly owned subsidiary of Mercantile Investment Company Limited (ASX:MVT), in relation to the issued share capital in Galilee Energy Limited (ACN 064 957 419) (**Galilee**), being a proportional takeover offer to the Galilee shareholders to acquire up to one out of every two shares held by each of them, for a cash price of \$0.15 per share. (**Replacement Bidder's Statement**); and
2. A copy of the Replacement Bidder's Statement marked to show all changes from the original bidder's statement that was lodged with the Australian Securities and Investments Commission (**ASIC**) and sent to Galilee Energy Limited (**Galilee**) on 25 November 2013.

The Replacement Bidder's Statement was lodged with ASIC and sent to Galilee earlier today.

Yours faithfully



**Gabriel Radzynski**  
Director

**Replacement Bidder's Statement**

**for the**

**Cash Offer**

**by**

**Olympus Funds Management Pty Ltd**

**(ABN 30 120 221 623)**

**A wholly owned subsidiary of Mercantile Investment Company  
Limited**

**to acquire up to 1 out of every 2 of your Shares in**

**Galilee Energy Limited**

**(ABN 11 064 957 419)**

**for**

**\$0.15 cash**

**This is an important document and requires your immediate attention. It replaces the Original Bidder's Statement dated 25 November 2013 and the first supplementary bidder's statement dated 29 November 2013 each lodged with ASIC.**

If you are in any doubt as to how to deal with it, you should consult your financial or other professional adviser. Alternatively, you may submit your query in writing to Gabriel Radzynski, an Olympus Director, by fax on 02 8084 9918 or by email to [GLL@mercinv.com.au](mailto:GLL@mercinv.com.au).

To accept the Offer please complete the enclosed Acceptance Form and use the supplied paid envelope to return the completed Acceptance Form to us. An Acceptance Form will not be accepted if returned by fax or email.

The Offer is dated [•] December 2013 and will expire at 7.00pm (Sydney time) on [•] February 2014 (unless withdrawn or extended). ASIC takes no responsibility for this Replacement Bidder's Statement.

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# Olympus Funds Management Pty Limited

ABN 30 120 221 623

Level 11, 139 Macquarie Street

Sydney NSW 2000

Tel 02 8014 1188

Fax 02 8084 9918

## Chairman's Letter

Dear Galilee Shareholder,

Olympus Funds Management Pty Ltd (**Olympus**), a wholly owned subsidiary of Mercantile Investment Company Ltd (**Mercantile**), is pleased to offer you 15 cents cash for one of every two Galilee Shares you own (**Offer**).

The Olympus Directors believe the Offer represents an attractive opportunity for Galilee Shareholders to realise half of their investment in Galilee for cash and retain an exposure to any future prospects Galilee might have. You will not have to pay any brokerage to accept the Offer (you may incur brokerage fees if you choose to sell your Galilee Shares on market or if you instruct your Controlling Participant to accept the Offer on your behalf).

### Details of the Offer

The Offer is 15 cents cash for up to one of every two Galilee Shares you own (in other words, we are offering to buy up to 50% of your shareholding).

The Offer Price represents a premium of 2 cents or 15% to 13 cents, the last price at which Galilee Shares traded on ASX prior to Mercantile's announcement of 21 October 2013 of the intention to make the Offer. The closing price of Galilee Shares on ASX on 22 November 2013, the last trading day before the date of the Original Bidder's Statement, was 13.5 cents.

It is important that you read the information in this Bidder's Statement in deciding on whether to accept our Offer and if necessary, contact a qualified investment adviser for assistance.

### No Olympus conditions to the Offer

Olympus has imposed no conditions to the Offer. There is no minimum acceptance condition to the Offer.

### Your Board's efforts to impose a takeover approval condition

The Corporations Act permits a company to include in its constitution a provision requiring shareholder approval to be obtained to permit a proportional takeover offer to proceed. Rule 36 of the constitution of Galilee is such a provision.

This Rule was reintroduced into the Galilee constitution on 28 November 2013.

As a result, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.

Galilee Shareholders have an opportunity to ensure that the Offer proceeds by voting in favour of the resolution to approve the Offer at the meeting to be convened by the Galilee Board. Shareholder approval does **not** mean that you must accept the Offer. The shareholder approval is directed only at allowing all Galilee Shareholders the opportunity to make a choice – to accept or reject the Offer.

## Rationale for the Offer

Olympus believes that Galilee has incurred operating costs and expenditure on speculative exploration ventures with little return for Galilee Shareholders. Olympus considers the best outcome for Galilee Shareholders would involve the following and if the Offer is successful would undertake a strategic review to assess the viability of the following:

- (a) a substantial reduction in Galilee's present running costs which Olympus considers are excessive;
- (b) immediately ceasing further expenditure on development of the ATP 799P tenement;
- (c) assessment of the remaining costs required to be spent by March 2014 in respect of the ATP 529P property (**Glenaras Project**) to establish a realisable value or, if a realisable value cannot be derived from that property, to acknowledge that it cannot be sold and write off all costs incurred on that project in the accounts of Galilee; and
- (d) returning all remaining cash funds (including any return generated from the sale of the Glenaras Project), to Galilee Shareholders.

We are pleased that the Galilee Chairman confirmed at the Galilee AGM that the Company proposes to cease further expenditure on development of the ATP 799P tenement. However, we believe the Galilee Board holds a contrary view to the above and proposes that Galilee embark on speculative new exploration ventures. Olympus considers that this is not the appropriate strategic direction for Galilee.

Olympus also considers that the board is not truly representative of Galilee Shareholders. With the recent resignation of Messrs Young, Camarri and Jensen, the board of Galilee comprises 3 directors nominated by a single Galilee Shareholder, Malt Energy Pty Limited and new director Ray Shorrocks. Based on the substantial shareholder notices lodged to date, Malt itself holds 16.12% of Galilee Shares on issue.

Subject to the outcome of the Offer, Olympus will seek to reconfigure the board of Galilee to be more representative of Galilee Shareholders. Olympus also proposes to promote the cost reduction programme, asset sale and return of capital outlined above, subject to any operational, financial and legal constraints that may be subsequently identified. See Section 4 for details of Olympus's intentions with respect to Galilee.

## How to accept

If you choose to accept the Offer you can either direct your Controlling Participant (normally your broker) to accept the Offer on your CHESS holding on your behalf, or complete and sign the enclosed Acceptance Form and return it in the supplied envelope so that it is received before the end of the Offer Period. An Acceptance Form will not be accepted if returned by fax or email.

The Offer is scheduled to close at 7:00pm (Sydney time) on [•].

## More information

If you have any questions concerning the Offer, you may submit your query in writing to Gabriel Radzyski, a fellow Olympus Director, by fax on 02 8084 9918 or by email to GLL@mercin.com.au. For any additional queries we recommend you contact your broker or financial adviser.

Yours sincerely,

**Ron Brierley**  
Chairman

## Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

<b>The Offer</b>	Olympus Funds Management Pty Ltd ( <b>Olympus</b> ) is offering to acquire up to 50% of your Galilee Shareholding.
<b>Offer Price</b>	The Offer Price is 15 cents cash per Galilee Share for up to one of every two of your Galilee Shareholding.
<b>Offer Period</b>	The Offer is scheduled to close at 7pm (Sydney time) on [•] (but it may be extended).
<b>Why accept the Offer?</b>	<p>The Offer allows Galilee Shareholders to sell up to half of their Galilee Shareholding at a cash price that represents a premium of 2 cents or 15% to 13 cents, the last price at which Galilee Shares traded prior to Mercantile's announcement of 21 October 2013 (<b>Announcement Date</b>) of the intention to make the Offer.</p> <p>The Olympus Directors believe the Offer presents Galilee Shareholders with an opportunity to realise some value for their investment in Galilee while retaining exposure to any future prospects Galilee might offer. Further, Mercantile has committed to actively involve itself in reducing Galilee excessive running costs, and to return capital to all Galilee Shareholders.</p>
<b>No Olympus Offer condition</b>	Olympus has imposed no conditions to the Offer. There is no minimum acceptance condition to the Offer.
<b>Shareholder approval requirement</b>	<p>Under Rule 36 of the Galilee constitution, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.</p> <p>If Galilee Shareholders vote on a resolution to approve the Offer by the date 14 days before the end of the Offer Period and do not pass that resolution, under Rule 36 and the Corporations Act:</p> <ol style="list-style-type: none"> <li>Olympus will withdraw the Offer;</li> <li>the Offer, if not previously accepted, will automatically become incapable of acceptance;</li> <li>any contract resulting from an acceptance of this Offer before the withdrawal will automatically become void; and</li> <li>Olympus will, as soon as possible after the meeting of Galilee's Shareholders, return all documents sent to it with the acceptance of the Offer.</li> </ol> <p>Olympus urges all Galilee Shareholders to vote <b>in favour of approval of the Offer</b> at the general meeting to be convened by the Galilee Board.</p>
<b>Payment</b>	<p>If you accept the Offer and that acceptance is not lawfully rescinded, you will be paid the cash proceeds, by the earlier of:</p> <ol style="list-style-type: none"> <li>the date 1 month after you validly accept the Offer; and</li> <li>the date 21 days after the Offer closes.</li> </ol>
<b>Mercantile and Olympus - existing shareholding in Galilee</b>	As at the date of this Bidder's Statement, Mercantile has a Relevant Interest in 3,525,400 Galilee Shares and Voting Power of 2.32%. As Mercantile is an Associate of Olympus, Olympus has the same Voting Power of 2.32% in Galilee. See Section 8.3 for details.

The above information is a summary only of key elements of this Bidder's Statement. Galilee Shareholders should read all of this Bidder's Statement before making any decision in relation to the Offer.

## How to accept the Offer

There are different ways to accept the Offer depending on how you hold your Galilee Shares.

### For CHES Holdings

Instruct your stockbroker or other Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

Alternatively, you may complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
 Computershare Investor Services Pty Limited  
 GPO Box 52  
 MELBOURNE VIC 3001  
 Australia

An Acceptance Form will not be accepted if returned by fax or email.

### For Issuer Sponsored Holdings

Complete and sign the accompanying Acceptance Form in accordance with instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
 Computershare Investor Services Pty Limited  
 GPO Box 52  
 MELBOURNE VIC 3001  
 Australia

An Acceptance Form will not be accepted if returned by fax or email.

### The Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer for up to one out of every two of your Galilee Shares.

### Partial Acceptance

You may accept the Offer for any proportion of your Galilee Shareholding up to a maximum of one out of every two Galilee Shares that you hold (ie 50%). If you wish to accept the Offer for less than one out of every two Galilee Shares, you must indicate this clearly on the Acceptance Form. If the Acceptance Form does not clearly state the proportion of your Galilee Shareholding that you wish to accept into the Offer, or the portion you specify is more than your total holding known to Olympus, Olympus will treat your acceptance as being for one out of every two of your Galilee Shareholding (ie 50%).

However, if your acceptance of the Offer results in your remaining Galilee Shareholding being less than a Marketable Parcel, you may accept the Offer for all of your Galilee Shares. See Section 9.2 for details.

## Why you should Accept the Offer

### 1. Attractive cash offer for all Galilee Shareholders

The Offer is 15 cents cash (**Offer Price**) for up to 50% of every Galilee Shareholding in Galilee that Olympus does not already own.

The Offer Price:

- (a) represents a 2 cent or 15% premium to 13 cents, the last price at which Galilee Shares traded on ASX prior to the Announcement Date; and
- (b) represents a 1.5 cent or 11.1% premium to 13.5 cents, the last price at which Galilee Shares traded on ASX prior to the date of the Original Bidder's Statement.

### 2. The Offer provides certainty of value for up to 50% of your Galilee Shares

The Offer is an offer to acquire up to 50% of your Galilee Shares for cash. By accepting this Offer you will be paid 15 cents cash for up to one of every two Galilee Shares you own, subject only to satisfaction of the Shareholder Approval Condition (if applicable).

You will also continue to be exposed to the risks and opportunities associated with an investment in Galilee. You should refer to Section 6 for a discussion of these risks and Section 4 for a discussion of Olympus's intentions with respect to Galilee.

### 3. You will not incur any brokerage costs in accepting the Offer

By accepting the Offer you will not incur any brokerage charges if your Galilee Shares are registered in an issuer sponsored holding (you may incur brokerage fees if you choose to sell you Galilee Shares on-market or you instruct your Controlling Participant to accept the Offer on your behalf).

### 4. No minimum acceptance condition

As there is no minimum acceptance condition, Olympus will acquire any number of your Galilee Shares for which you accept – up to a maximum of 50% of your Galilee Shareholding<sup>1</sup>.

Olympus has imposed no conditions on the Offer.

Under Rule 36 of the Galilee constitution, completion of the acquisition of your Galilee Shares under this Offer is conditional on approval by Galilee Shareholders (provided Galilee Shareholders vote to approve the Offer no later than 14 days before the end of the Offer Period). Olympus urges all Galilee Shareholders to vote **FOR approval of the Offer** at the general meeting to be convened by the Galilee Board.

### 5. Liquidity

Galilee Shares current exhibit very low volumes of trading on ASX. As such, there may be little opportunity to dispose of your Galilee Shares in a liquid market. The Offer provides an opportunity for Galilee Shareholders to sell up to 50% of their Galilee Shares.

- 1. If your acceptance of the Offer results in your remaining Galilee Shareholding being less than a Marketable Parcel, you may accept the Offer for all of your Galilee Shares. See Section 9.2 for details



## Important Information

### Important dates

Event	Date
Announcement Date	21 October 2013
Date of Original Bidder's Statement	25 November 2013
Date of this replacement bidder's statement	10 December 2013
Dispatch of Bidder's Statement and Offer opens	[•] December 2013
Close of Offer*	[•] February 2014

\* This date is indicative only and may be changed as permitted by the Corporations Act.

### Replacement Bidder's Statement and Offer

This is a replacement bidder's statement dated 10 December 2013 given by Olympus to Galilee and each Galilee Shareholder under Part 6.5 of Chapter 6 of the Corporations Act. It replaces the Original Bidder's Statement dated 25 November 2013 as amended by the first supplementary bidder's statement dated 29 November 2013 which were each lodged with ASIC on those respective dates. In this document, unless the context otherwise requires, references to **Bidder's Statement** is a reference to this replacement bidder's statement.

This Bidder's Statement was approved by an unanimous resolution of the board of directors of Olympus. It includes an Offer for the Galilee Shares dated [•] 2013.

The Offer relates to all Galilee Shares that exist on 25 November 2013.

### ASIC

A copy of this Bidder's Statement was lodged with ASIC on 10 December 2013. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

### Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each Galilee Shareholder or any other person. Galilee Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

### Disclaimer

Except for historical information contained in this Bidder's Statement, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Those risks and uncertainties include factors and risks specific to the industry in which the Mercantile and Galilee operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially. For a discussion of important risk factors which could cause actual results to differ materially from such forward-looking statements, refer to Section 6 of this Bidder's Statement.

None of the Olympus Directors, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law.

### Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 10. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 10, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

### Sources of Information

Information included in this Bidder's Statement relating to Galilee and its business has been derived solely from publicly available sources published by Galilee, including annual and half yearly financial reports and ASX announcements.

Subject to the foregoing and to the maximum extent permitted by law, Olympus and its Directors disclaim all liability for any information concerning Galilee including in this Bidder's Statement. Galilee Shareholders should form their own views concerning Galilee from publicly available information.

**Privacy**

Olympus has collected your personal information from the register of Galilee Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of Galilee Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Olympus's related bodies corporate and its related bodies corporate, service providers and advisers, and may be required to be disclosed to regulators such as ASIC.

## 1. Main Features of the Offer

This Section sets out a summary of the main features of the Offer. It is qualified by the detailed information contained in the remainder of the Bidder's Statement.

### 1.1. The Offer

Mercantile announced that it or a nominee intended to make an offer to acquire up to 50% of all of the Galilee Shares it does not own on the Announcement Date. The Offer is being undertaken by way of an off-market takeover bid. Appendix A of this Bidder's Statement contains the terms of the Offer. The remainder of this Bidder's Statement contains other information known to Olympus which is relevant to your decision as to whether to accept or reject the Offer.

### 1.2. What is Olympus Offering for my Galilee Shares?

The Offer is a cash offer of 15 cents for one of every two Galilee Shares you own. If you hold an odd number of Galilee Shares, the number of Galilee Shares for which you may accept the Offer will be rounded up to the nearest whole number.

The Offer extends to Galilee Shares on issue on 25 November 2013.

### 1.3. Foreign Shareholders

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

### 1.4. Will I pay any brokerage or stamp duty if I accept any of the Offer?

You will not pay brokerage or stamp duty as a result of accepting the Offer (you may incur brokerage fees if you choose to sell you Galilee Shares on market or you instruct your Controlling Participant to accept the Offer on your behalf).

### 1.5. When does the Offer close?

The Offer closes at 7.00pm (Sydney time) on [•] February 2014, unless extended or withdrawn in accordance with the Corporations Act.

### 1.6. How do I accept the Offer?

There are different ways to accept the Offer depending on how you hold your Galilee Shares.

#### *For CHESS Holdings*

Instruct your stockbroker or other Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

Alternatively, you may complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
 Computershare Investor Services Pty Limited  
 GPO Box 52  
 MELBOURNE VIC 3001  
 Australia

An Acceptance Form will not be accepted if returned by fax or email.

*For Issuer Sponsored Holdings*

Complete and sign the accompanying Acceptance Form in accordance with instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
 Computershare Investor Services Pty Limited  
 GPO Box 52  
 MELBOURNE VIC 3001  
 Australia

An Acceptance Form will not be accepted if returned by fax or email.

**The Acceptance Form**

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer for up to one out of every two of your Galilee Shares.

You may only accept the Offer for up to one out of every two (ie 50%) of your Galilee Shares, rounded up to the nearest whole number. If you wish to accept the Offer for less than one out of every two Galilee Shares, you must indicate this clearly on the Acceptance Form. If the Acceptance Form does not clearly state the proportion of your Galilee Shareholding that you wish to accept into the Offer, or the portion you specify is more than your total holding known to Olympus, Olympus will treat your acceptance as being for one out of every two of your Galilee Shareholding (ie 50%).

However, if your acceptance of the Offer results in your remaining Galilee Shareholding being less than a Marketable Parcel, you may accept the Offer for all of your Galilee Shares. See Section 9.2 for details.

**1.7. If I accept the Offer, can I try to sell the remainder of my Galilee Shareholding on-market?**

Yes. However, any purchaser of such Galilee Shares will not be able to accept the Offer in respect of those Galilee Shares. For instance, if you hold 100,001 Galilee Shares and you accept the Offer:

- (a) 50,001 of those Galilee Shares (i.e. 50%) will be accepted to the Offer; and
- (b) you will be able to sell (whether on-market or otherwise) the remaining 50,000 Galilee Shares (i.e. 50%) to which the Offer does not relate (**Remaining Shares**).

However, you should be aware that in accordance with ASX published policy (ASX Guidance Note 18: Market Codes and Trading Procedures) there will be special ASX trading arrangements with respect to these Remaining Shares. In summary these are as follows:

- (a) purchasers of Remaining Shares will not be entitled to accept the Offer and, accordingly, those shares will be traded on the ASX on an "ex-Offer" basis – a separate ASX code will be established for these ex-Offer Galilee Shares; and
- (b) there will be deferred settlement of trades in ex-Offer Galilee Shares – settlement will be deferred until after the end date of Offer Period.

However, if you do not accept this Offer in respect of any of your Galilee Shares and instead sell all your Galilee Shares, the purchaser of those Galilee Shares may accept the Offer. In this circumstance, your Galilee Shares will trade on a "cum-Offer" basis and in a normal (T+3) settlement market.

**1.8. What are the Conditions of the Offer?**

Olympus has imposed no conditions to the Offer. There is no minimum acceptance condition to the Offer.

On 28 November 2013 Galilee announced that the resolution to approve the re-introduction of Rule 36, a proportional takeover approval provision, into the Galilee Constitution was passed as a special resolution.

Under Rule 36, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.

If Galilee Shareholders vote on a resolution to approve the Offer by the date 14 days before the end of the Offer Period and do not pass that resolution, under Rule 36 and the Corporations Act:

- (e) Olympus will withdraw the Offer;
- (f) the Offer, if not previously accepted, will automatically become incapable of acceptance;
- (g) any contract resulting from an acceptance of this Offer before the withdrawal will automatically become void; and
- (h) Olympus will, as soon as possible after the meeting of Galilee's Shareholders, return all documents sent to it with the acceptance of the Offer.

Olympus urges all Galilee Shareholders to vote **FOR approval of the Offer** at the general meeting to be convened by the Galilee Board.

#### **1.9. When will I be paid my Offer Consideration?**

Olympus will provide or procure the provision of the Offer Consideration for all Offers that are accepted and not lawfully rescinded on or before the earlier of:

- (a) the date 1 month after the date you validly accept this Offer; and
- (b) the date 21 days after the Offer closes.

#### **1.10. What happens if I do not accept?**

Unless you otherwise dispose of your Galilee Shares, you will remain a Galilee Shareholder. You should consider the potential risks of remaining a Shareholder in Galilee as discussed in Section 6.

#### **1.11. What are the tax consequences of the Offer?**

Our understanding of the major tax implications for Galilee Shareholders resident for tax purposes in Australia are summarised in Section 7.

Your personal financial and other circumstances will influence your taxation position. You should read Section 7 carefully and seek professional taxation advice if necessary.

#### **1.12. Questions**

If you have any enquiries about the Offer or its terms, you may submit your query in writing to Gabriel Radzimirski, an Olympus Director, by fax on 02 8084 9918 or by email to [Galilee@mercinv.com.au](mailto:Galilee@mercinv.com.au) or consult your financial or other professional adviser.

## 2. About Olympus

### 2.1. Corporate

Olympus is a wholly owned subsidiary of Mercantile. Mercantile is an ASX listed investment company trading under ASX code MVT.

The Olympus Directors are Sir Ron Brierley, Mr James Chirnside and Mr Gabriel Radzynski.

Olympus was established to hold an Australian financial services licence and to provide financial services in connection with the business previously conducted by Mercantile. At the request of Olympus, ASIC cancelled the Australian financial services licence on 9 March 2012. Olympus carries on no substantive business operations and has no material assets or liabilities. Olympus has been retained as a wholly owned subsidiary of Mercantile to undertake investments from time to time.

### 2.2. Directors of Mercantile

The Mercantile Directors are:

- Sir Ron Brierley – Chairman;
- Mr James Chirnside – non-executive director;
- Mr Ron Langley – non-executive director;
- Mr Gabriel Radzynski – non-executive director; and
- Dr Gary Weiss – non-executive director.

### 2.3. Public Announcements by Mercantile

Mercantile is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Mercantile to:

- (a) prepare and lodge with the ASX both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning Mercantile of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Mercantile, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at the ASIC in relation to Mercantile may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to Mercantile may be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

### 2.4. Benefits for Galilee Shareholders

The key benefit for Galilee Shareholders accepting the Offer is that they will be able to realise 15 cents per Galilee Share for up to 50% of their Galilee Shareholding in cash, while still have the ability to retain at least 50% of their Galilee Shareholding.

Olympus has made a public and transparent attempt to seek to either gain control of Galilee or at least ownership of a substantial minority position, with a view to influencing the direction of the Galilee for the benefit of all Galilee Shareholders.

If Olympus can acquire a sufficient number of Galilee Shares, it intends to undertake a strategic review to assess the viability of the following:

- substantially reducing Galilee's present running costs (which Olympus considers excessive);
- immediately ceasing further expenditure on ATP 799P;
- in respect of ATP529P (Glenaras Project), making a precise assessment of the remaining costs required to March 2014 to establish a realisable value or a write-off, as the case may be;
- convening an extraordinary general meeting to approve the return of remaining cash funds to Galilee Shareholders, and
- if value can be obtained for the Glenaras Project, returning further funds to Galilee Shareholders.

If, following that review, the proposed steps outlined above are viable, Olympus will seek to implement these steps either directly or through its nominees to the Galilee Board. See Section 4 for details.

The Offer by Olympus to acquire up to 50% of each Galilee Shareholding allows all Galilee Shareholders to continue to maintain some exposure to the future prospects of Galilee.

Galilee's annual report for the financial year ended 30 June 2013 described the principal activities of Galilee as:

*"...exploration and development of coal seam gas in the Galilee Basin near Longreach in Queensland. The Company also continued to seek growth and expansion through the acquisition of hydrocarbon projects."*

Olympus understands that the current business activities of Galilee are consistent with the principal activities statement included in the Galilee annual report.

Olympus considers however that projects undertaken to date have been "speculative" in that exploration activities have yielded no tangible benefits for Galilee Shareholders. This is illustrated by the following statement included in the managing director's presentation at the Galilee AGM released to ASX on 28 November 2013:

*"The Board strongly believes the company needs to diversify into new plays and assets to reduce its overall risk profile".*

Olympus believes that the term "play" reflects the Galilee Board's perception of its investment of funds as speculative.

Olympus is aware that the Malt nominees to the Galilee Board wish Galilee to embark on speculative new exploration ventures. Olympus does not consider this a prudent course of action.

### **3. Galilee**

#### **3.1. Disclaimer**

The following description of Galilee and the financial information concerning Galilee contained in this Section 3 have been prepared by Olympus using publicly available information. Information in this document concerning Galilee's business has not been independently verified and Olympus has not conducted any due diligence on Galilee's business. To the extent permitted by law, Olympus does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about Galilee's business used by Olympus are as follows:

- Galilee's annual and half-year financial reports; and
- Galilee's ASX announcements.

#### **3.2. Overview of Galilee and its principal business authorities**

Galilee is an ASX-listed company whose stated principal activities are the exploration and development of hydrocarbons and coal seam gas on the Galilee Basin near Longreach in Queensland. According to the Galilee's annual report for, Galilee also continued to pursue growth and expansion through the acquisition of hydrocarbon projects.

#### **3.3. Business strategies and prospects**

Galilee's current strategy is focused on developing the Galilee Gas Project into a commercial gas field. Galilee also states that it seeks to continue to pursue growth through hydrocarbon development opportunities.

#### **3.4. Directors**

As at the date of this Bidder's Statement, there are 3 Galilee Directors, being:

- David King (chairman);
- Paul Bilston (executive director); and
- Peter Lansom.

On 2 December 2013 Galilee announced the appointment of Mr Ray Shorrocks as an independent non-executive director. Up to his appointment by the Galilee Board, all three directors of Galilee had been nominated by Malt.

Notwithstanding that the appointment of the Malt nominees was approved by shareholders at a general meeting of Galilee Shareholders on 24 September 2013, Olympus considers it inappropriate for a shareholder that holds only 16.12% of the issued capital of Galilee to nominate all directors to the Galilee Board. This is particularly relevant in circumstances where the price paid by Malt to acquire its investment in Galilee does not include a premium that would have been applicable had Malt sought to acquire a controlling interest in Galilee. Based on the initial substantial shareholder notice provided by Malt for release to ASX on 27 June 2013, Malt acquired a 16.12% stake in Galilee for 12 cents per Galilee Share. Generally, a person who acquires a stake in a listed company that is sufficient to allow it to secure the appointment of all directors to the board of a listed company must pay a premium to reflect the greater influence that may be exerted as a result of that appointment.

Three of the current four Galilee Directors were nominated to the board by Malt. Of these directors, two are also directors of Malt. Notwithstanding this, Malt's 16.12% shareholding in Galilee would generally not be considered sufficient to constitute control of a listed company.



### 3.5. Major Shareholders

In its 2013 Annual Report, Galilee reports the following Galilee Shareholders as having lodged substantial shareholder notices with Galilee:

Name	Number of Galilee Shares	Voting Power
Malt Energy Pty Ltd	24,532,647	16.12%
Ecarlate Pty Ltd	18,342,608	12.06%
Ekco Investments Pty Ltd	8,881,011	5.84%
AMP Life Limited	8,419,967	5.53%

### 3.6. Overview of Galilee's historical financial performance

A summary of the historical consolidated financial performance of Galilee since 2011 is set out below:

A\$'000 <sub>1</sub>	Full year to 30 June 2013 <sub>2</sub>	Full year to 30 June 2012 <sub>3</sub>	Full year to 30 June 2011 <sub>4</sub>
Income	1,593	2,237	1,022
Exploration and evaluation expenses	(7,794)	(6,233)	(2,264)
Administration expenses	(1,774)	(2,265)	(3,328)
Loss before income tax from continuing operations	(7,975)	(6,261)	(4,570)
Profit from discontinued operations			25,864
Net assets	28,402	34,862	41,100
Economically recoverable resources identified	Nil	Nil	Nil

**Notes:**

1. The above amounts have been rounded to the nearest \$1,000.
2. The information in this column has been drawn from the Galilee Financial Report for the financial year ended 30 June 2013 as released to the market through ASX on 31 October 2013.
3. The information in this column has been drawn from the Galilee Financial Report for the financial year ended 30 June 2012 as released to the market through ASX on 19 October 2012.
4. The information in this column has been drawn from the Galilee Financial Report for the financial year ended 30 June 2011 as released to the market through ASX on 24 October 2011.

### 3.7. ASX Announcements and ASIC disclosure

Between 31 October 2013, the date of release of the Galilee annual report for the financial year ended 30 June 2013 and the date of this Bidder's Statement, Galilee has issued the following ASX announcements:

Announcement	Date
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Change of Director's Interest Notice	9 December 2013
Change of Director's Interest Notice	9 December 2013
Ceasing to be a substantial holder	9 December 2013
Initial Director's Interest Notice	2 December 2013
Non-executive director appointed	2 December 2013
MVT: Supplementary Bidder's Statement re takeover offer	29 November 2013
Notice of initial substantial holder from MVT	29 November 2013
Results of Meeting	28 November 2013
MD presentation to the AGM	28 November 2013
Receipt of Bidder's Statement	26 November 2013
MVT: Bidder's Statement re proportional takeover offer	25 November 2013
Letter to Shareholders	19 November 2013
AGM - Change of Venue	7 November 2013
Quarterly activity report and Appendix 5B	31 October 2013

## 4. Olympus's Intentions

### 4.1. General

This Section 4 sets out Olympus's intention in relation to the:

- (a) continuation of the business of Galilee;
- (b) any major changes to be made to the business of Galilee, including any redeployment of the fixed assets of Galilee; and
- (c) the future role of the Board and Galilee's management.

Olympus's intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Olympus has reviewed information in the public domain concerning Galilee, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of Galilee's operations, Olympus's intentions in relation to Galilee are summarised below. Statements set out in this Section 4 are statements of current intentions only, which may change as new information becomes available or circumstances change.

### 4.2. Strategic review

As Olympus does not currently have access to all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. If Olympus becomes entitled to a Galilee Shareholding sufficient to result in the appointment of Galilee Directors representing a majority of the Board, Olympus's nominees will look to conduct a review of the strategy, operations, activities and assets of Galilee in light of the information which then becomes available to it (**Review**).

The Review will:

- explore, amongst other things, where cost savings can be obtained, so that Galilee's costs are at a level consistent with that of a non-operating joint venture partner in the Glenaras Project;
- confirm that Galilee may immediately cease any further expenditure on ATP 799P (a tenement which is wholly owned and operated by Galilee) and any other exploration expenses or commitments to acquire any other hydrocarbon or resource development opportunities and, if this commercially feasible, develop the process to achieve this objective;
- seek to make a precise assessment of the remaining costs required to establish a realisable value for the Glenaras Project, or for a write-off of that project. (If any value can be established for the Glenaras Project, the Review will seek to identify means by which this value can be translated to cash);
- seek to determine the means by which, subject to Galilee Shareholder approval, capital can be returned to all Galilee Shareholders as equitably and as efficiently as possible.

To the extent that the financial, operational and legal circumstances of Galilee allows, Olympus will seek to undertake the actions the subject of the Review. However, final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section 4.2 are statements of current intention only which may change as new information becomes available or circumstances change.

If Olympus does not achieve a Relevant Interest in Galilee of 50.1%, Olympus will endeavour to encourage the Galilee Board to undertake the Review and, to the extent that the financial, operating and legal circumstances of Galilee allows, to undertake the above actions. To the extent that any Olympus nominees are appointed to the Galilee Board, it will also seek implement the above through those nominees.

The ability of Olympus to achieve any of the above will depend on the extent to which it acquires a material stake in Galilee. The ability of Olympus to procure that the Review is undertaken will depend, among other things, on it securing the support of the Galilee Board (as presently configured or following appointment of any Olympus nominee) to undertake that review.

As indicated in Section 4.6, Olympus does not presently intend to requisition a general meeting of Galilee Shareholders to change the Galilee Board but may do so if positive and constructive engagement with the Galilee Board for board representation is not achieved.

Galilee Shareholders are reminded that as the Offer extends only to up to 50% of all Galilee Shares on issue. Consequently its ability to acquire Voting Power of 50.1% or more in Galilee will depend on the level of acceptance of the Offer and the extent to which it may acquire Galilee Shares on-market or otherwise as permitted by the Corporations Act.

#### **4.3. Olympus's intentions upon holding at least 50.1% of Galilee Shares**

This Section sets out Olympus's intentions if it were to gain effective control of Galilee.

In the event that Olympus achieves a Relevant Interest in Galilee of at least 50.1% Olympus's current intentions are as set out below.

- Olympus intends to undertake the Review.
- Olympus would also seek to nominate a majority of the Galilee Directors.
- Olympus may seek to acquire further Galilee Shares as permitted by the Corporations Act.

#### **4.4. Olympus's intentions upon holding less than 50.1% of Galilee Shares**

If Olympus does not achieve a Relevant Interest in Galilee of 50.1%, Olympus will endeavour, to the extent possible through its non-controlling holding of Galilee Shares, to give effect to the intentions set out in Section 4.6. However, Olympus considers that its ability to effect potential cost savings referred to in Section 4.4 will be significantly limited if Olympus is unable to achieve a Relevant Interest in Galilee of at least 50.1%.

#### **4.5. Olympus's intentions – capital return**

As indicated in Section 4.2, one of the proposed actions to be the subject of the proposed Olympus Review is to determine the means by which capital can be returned to Galilee Shareholders as equitably and as efficiently as possible.

In correspondence between 29 November 2013 and the date of this Bidder's Statement, the Galilee Board has requested further information be provided to Galilee Shareholders regarding the following:

- (a) the circumstances in which and type of capital distribution that Olympus would currently support Galilee making;
- (b) whether, if a share buyback offer was implemented by Galilee at 15 cents per Galilee Share, Olympus's current intention would be to participate in that buyback offer; and
- (c) the circumstances and type of capital distribution that Olympus would currently intend to participate in.

Olympus is clearly not in a position to provide any of the information requested by the Galilee Board.

Olympus is not presently in a position to express any view on the quantum, form or structure of any capital distribution. It will depend, among other things, on the value of Galilee's interests in projects, the cash available to undertake that distribution, the taxation implications of undertaking such a distribution and the quantum and terms of that distribution. Nor is it in a position to speculate on possible outcomes or its participation in such a return. At the Galilee AGM, the Galilee Board

acknowledged that it was undertaking a strategic review of the Glenaras Pilot Project and the overall exploration potential of that project. The managing director's presentation at the Galilee AGM stated that potential reserves bookings for this project are unlikely before the first quarter of 2014. The value ultimately determined for that project and the extent to which that value can be realised for the benefit of Galilee Shareholders will be critical in any assessment of any capital distribution.

Olympus recognises the importance of ensuring that any distribution is undertaken as equitably and as efficiently as possible. A distribution of capital might be made on an equal basis such that all Galilee Shareholders participate pro rata in that distribution. Alternatively, a capital distribution might be implemented in a manner which provides Galilee Shareholders the opportunity to exit their investment of the company at a price that is fair both to exiting shareholders and remaining shareholders. Which of these, or other alternatives may be implemented (if any) will depend on the circumstances at that time.

#### **4.6. Intentions generally**

Except for the changes and intentions set out in this Section 4, Olympus intends, based on the information presently known to it:

- to continue the business of Galilee;
- not to make any major changes to the business of Galilee or the deployment of Galilee's assets; and
- to continue the employment of Galilee's employees.

Dr King and Messrs Lansom and Bilston of the current board of Galilee were elected by shareholders at the Galilee general meeting held on 24 September 2013. However, these directors are not necessarily reflective of the shareholder base of Galilee as they were all nominated by Malt.

If Olympus succeeds in acquiring a substantive shareholding in Galilee, it intends to approach the board of Galilee to seek to have one or more nominees of Olympus appointed to the Galilee Board. Olympus considers an appropriately constituted board should be not only have independent directors but also representatives of major shareholders and would expect the current Galilee Board to acknowledge this and accede to an Olympus request.

Whether Olympus will request the appointment of one or more nominees to the board of Galilee will depend, among other things, on the extent to which Olympus acquires Galilee Shares. As a result, Olympus has not determined the identity of any nominee of Olympus to the board of Galilee. Similarly, the experience and expertise of any Olympus nominee will depend on the needs of Galilee at that time.

On the basis that the Galilee Board will engage with Olympus in good faith and will seek to ensure the board appropriately reflects the shareholding base of the company, Olympus does not presently anticipate requisitioning a meeting of members to consider resolutions to reconfigure the board. However, in the event that the Galilee Board does not engage with Olympus on these issues in an open and constructive manner, Olympus may determine to requisition a meeting to reconfigure the board.

Olympus has no current intention to requisition a general meeting of Galilee Shareholders to put forward any particular resolutions at the next general meeting of the Galilee Shareholders.

However if, as a result of the Offer, Olympus were to hold 50.1% or more of Galilee Shares it would have the Voting Power to determine whether an ordinary resolution considered at a general meeting of Galilee Shareholders is approved. Such resolutions could include, amongst other things, changes to the Board and operational matters.

Galilee Shareholders are reminded that as the Offer extends only to up to 50% of all Galilee Shares on issue. Consequently its ability to acquire Voting Power of 50.1% or more in Galilee will depend on the level of acceptance of the Offer and the extent to which it may acquire Galilee Shares on-market or otherwise as permitted by the Corporations Act.

**4.7. Limitations on intentions**

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- (a) the law (including the Corporations Act) including in particular the requirements of the Corporations Act in relation to conflicts of interest and “related party” transactions;
- (b) the legal obligation of the Galilee Directors at the time to act in good faith and the best interests of Galilee and for proper purposes and to have regard to the interest of all Galilee Shareholders; and
- (c) the outcome of the Review.

## 5. Sources of Offer Consideration

### 5.1. Consideration under the Offer

The total amount that Olympus would be required to pay for Galilee Shares if Olympus acquires 50% of all the Galilee Shares on issue on the date of this Bidder's Statement in which it does not have a Relevant Interest is \$11,410,535.

### 5.2. Sources of Olympus Funds

Olympus has received a binding letter of commitment (**Commitment Letter**) from its ultimate parent, Mercantile, pursuant to which Mercantile has committed to loan Olympus the funds necessary to pay for all Offer Consideration and all transaction costs associated with the Offer. This commitment is uncapped. Olympus estimates that the total transaction costs associated with the Offer (other than the Offer Consideration referred to in Section 5.1) will not exceed \$100,000. This loan must be repaid by Olympus 1 year after the closing date of the Offer. Interest on this loan will accrue at the applicable Reserve Bank of Australia Cash rate. In the view of Olympus, this period will be sufficient to enable it to arrange refinancing with its listed parent Mercantile or other means to effect repayment if the loan has not been repaid by that date.

Funds made available to Olympus under the Commitment Letters:

- are immediately available and are not subject to any conditions or limitations to drawdown; and
- are sufficient to fund the maximum available amount of consideration payable under the Offer and all associated transaction costs.

The Offer is not subject to a financing condition.

### 5.3. Financial position of Olympus and Mercantile

As at the date of this bidder's statement, Olympus has no substantive assets with cash at bank of \$5,492.19.

Mercantile is an investment company listed on the ASX. As at 30 June 2013, based on the consolidated audited financial statements of Mercantile, Mercantile had total assets of \$30,153,697 and net assets of \$26,287,483.

As an ASX listed investment entity, Mercantile must announce the net tangible asset backing of its quoted securities as at the end of each month. As at 31 October 2013, the end of the last month prior to the date of the bidder's statement, the net tangible asset backing per Mercantile share (after all fees and expenses) on a post tax basis was 13.5 cents per share. This represented total net tangible assets of Mercantile as at that date of \$33,827,989.

As at the date of this Bidder's Statement Mercantile had cash at bank of \$699,004.87. The cash position of Mercantile varies from day to day depending on dividends received and trading in securities. That said, it is not anticipated that there will be a material difference between the cash position of Mercantile from the date of this Bidder's Statement and the date of dispatch of Bidder's Statement and Offers to Galilee Shareholders.

Mercantile has access to a number of funding sources to meet its obligations under the Commitment Letter. This includes the ability obtain an unsecured loan from Sir Ron Brierley, a director of Olympus and Chairman of Mercantile. Mercantile also has the ability to realise some of its investments in ASX listed securities. The portfolio of investments of Mercantile as at 30 June 2013 included investments in ASX listed entities with a total value as at that date of \$27,234,200. The Mercantile annual report for the financial year ended 30 June 2013 can be accessed online from ASX at [www.asx.com.au](http://www.asx.com.au).

## 6. Risk Factors

### 6.1. Risk factors associated selling Galilee Shares

Galilee Shareholders who accept the Offer will receive cash as their Offer Consideration. Those who accept the Offer will no longer be exposed to the risks associated with successfully realising Galilee's investments.

### 6.2. Risks relating to the Offer

The following risk factors may arise as a result of the Offer and the acquisition of Galilee Shares by Olympus.

#### *Less than 50% ownership*

It is possible that Olympus will acquire relevant interests in less than 50% in the Galilee Shares as a result of the Offer. The impact on Olympus of acquiring Relevant Interests in less than 50% of the Galilee Shares will depend on the ultimate level of ownership achieved. In this regard Sections 4.3 – 4.4 show how Olympus's intentions will differ slightly depending on the level of ownership achieved by Olympus.

#### *Galilee information*

In preparing the information on Galilee included in this Bidder's Statement, Olympus has relied only on publicly available information. Olympus has not otherwise had direct access to Galilee or its independent accountant. In addition, it is possible that additional risks may exist in relation to Galilee's businesses which are unknown to Olympus.

#### *Minority Galilee Shareholders in Galilee*

If you do not accept the Offer you may, depending on the level of acceptance of the Offer, become part of a minority in Galilee. In such a case, the liquidity of Galilee Shares may be diminished.

As a minority investor, you may be exposed to the risks that Galilee pursues risky, and potentially loss-making, endeavours. Olympus has clearly and unambiguously stated its intentions with regard to Galilee, and considers these intentions to be more conservative and prudent given the history of Galilee.

#### *Taxation Risks*

Tax liabilities are the responsibility of each individual investor, and Olympus is not responsible either for taxation or penalties incurred by Galilee Shareholders. Galilee Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment.

#### *Taxation Considerations*

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 7. However, this summary is general in nature and, as the circumstances for each Galilee Shareholder may vary. Galilee Shareholders should seek professional taxation advice in relation to their own position.

This list is not exhaustive and Galilee Shareholders should read this Bidder's Statement in full. If Galilee Shareholders require further information on these risks, they should seek professional advice.

#### *Ability to exercise effective control*

Olympus may acquire the ability to effectively control all decisions regarding Galilee's future operations. This will be dependent upon the level of acceptances of the Offer and any other Galilee



Shares that may be acquired by Olympus on-market or otherwise in accordance with the Corporations Act.

*Potential impact on subsequent bids*

Olympus's shareholding may become of such a size that a third party would not be able to successfully make a takeover bid for Galilee without the support of Olympus, meaning that it may be less likely that Galilee's Share price will reflect a control premium in the future.

*Potential reduced liquidity*

The liquidity of Galilee Shares may be lower than they are at present if Galilee Shareholders accept the Offer.

### **6.3. Specific Risks relating to retaining Galilee Shares**

Irrespective of the outcome of the Offer, Galilee Shareholders will retain exposure to the risks associated with Galilee's business.

The business activities of Galilee are subject to risks. Some of the specific risks can be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of Galilee and the Galilee Directors and cannot be mitigated. The occurrence of any of the risk factors set out in this Section 6 may have an adverse impact on the financial performance of Galilee and the value of Galilee Shares.

Investors should appreciate that owning Galilee Shares involves various risks which can be broadly categorised into general investment risks and specific business risks.

An outline of some of the specific business risks facing Galilee are as set out below:

*Exploration, Development, Mining and Processing Risks*

The business of mineral exploration, project development and mining and processing by its nature contains elements of inherent risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- the metallurgical characteristics of mineral deposits being explored and developed by Galilee may be such as to prevent commercial exploitation;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

*Government regulation*

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk.

The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Galilee.

Changes to government regulations, policy and royalty regimes may have an adverse impact upon the development options available to Galilee at its projects.

#### *Native Title and Aboriginal Heritage*

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land and water where those rights have not been extinguished. These rights, where they exist, may impact on the ability of Galilee to carry out exploration or obtain mining tenements. In applying for certain mining tenements, Galilee must observe the provisions of the native title legislation (where applicable) and Aboriginal heritage legislation which protects Aboriginal sites.

#### *Operating Risks*

The current and future operations of Galilee, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns, flood and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and
- production activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- occupational health and safety in a potentially dangerous workplace;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations; shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- inability to obtain consents or approvals.

#### *Commodity Prices*

Commodity prices fluctuate and are affected by numerous factors beyond the control of Galilee. These factors include world-wide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on Galilee's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

#### **6.4. General Risks relating to retaining Galilee Shares**

Galilee Shareholders should be aware that retaining Galilee Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of Galilee. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock market as a whole, and the Australian interest rates, foreign exchange, taxation and labour relations environments.

These are risks of investment which are considered beyond the control of Galilee.

##### *Possible Volatility of Galilee Share Price*

The stock market has from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies. The market price of Galilee Shares may be volatile and may go down as well as up. Factors that may have a significant impact on the market price and marketability of Galilee Shares include announcements as to government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, as well as fluctuations in Galilee's operating results.

##### *Regulation and Publicity*

Changes to the regulatory environment for the mining industry and/or any publicity may have an impact on Galilee which may materially affect an investment.

##### *Macro Economic Risks*

The general state of the Australian and international economies as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the financial performance of Galilee, and may affect the value of Galilee Shares.

##### *Regulatory Changes*

Changes to the regulatory environment, including the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on a Galilee Shareholder's investment in Galilee Shares or otherwise have a material adverse effect on Galilee's business and financial position.

#### **6.5. Note on Risk Factors**

The above list of general and specific risk factors should not be taken as exhaustive of the risks faced by Galilee or by Galilee Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Galilee and the value of the Galilee Shares.

## 7. Taxation Implications

### 7.1. Introduction

The following is a broad outline of the principal Australian income tax consequences for Australian resident individual and company Galilee Shareholders associated with acceptance of the Offer. This outline is not exhaustive of all possible income tax considerations that could apply to particular Galilee Shareholders. There are a number of limitations to the outline including that:

- (a) it applies only to Australian resident individual and company taxpayers. It does not cover the tax treatment for any other classes of taxpayers including individuals who are non-residents of Australia for tax purposes, insurance organisations, superannuation funds, trusts or employees of Galilee who acquired their Galilee Shares in respect of their employment;
- (b) it applies only where Galilee Shareholders hold their Galilee Shares on capital account. It does not apply where the Galilee Shares are held on revenue account (e.g. Shares held by Galilee Shareholders who trade in Securities or hold Galilee Share as trading stock); and
- (c) it is based on Australian tax law in effect at the date of this Bidder's Statement. It does not consider or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

Olympus and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves. All Galilee Shareholders, and particularly those Galilee Shareholders whose situation is not addressed in this outline as noted above, should consult their own independent professional tax advisers regarding the tax consequences of disposing of Galilee Shares.

### 7.2. Acceptance of the Offer and disposal of Galilee Shares

The disposal of Galilee Shares by an Galilee Shareholder pursuant to the Offer constitutes a Capital Gains Tax (**CGT**) event for Australian income tax purposes.

Galilee Shareholders may realise a capital gain or a capital loss in respect of the disposal of their Galilee Shares.

In certain circumstances, Galilee Shareholders may be eligible to apply the CGT discount to reduce their assessable capital gain (the eligibility requirements for the CGT discount are discussed in the following paragraphs). The relevant rate of the CGT discount is 50% for individuals, and 33 1/3% for complying superannuation funds.

Any capital gain realised in respect of the disposal of the Galilee Shares should be included in the Galilee Shareholder's assessable income in the tax year in which the Offer is accepted (unless the resulting capital gains are completely offset against other capital losses of the Galilee Shareholder). Capital losses may be applied against any other capital gains derived by the Galilee Shareholder in the same year. Any unapplied capital losses may be carried forward to be applied against future capital gains.

The availability of indexation or a CGT discount in calculating the amount of the capital gains included in assessable income depends on the date of acquisition of the Galilee Shares whether the Shareholders are companies or individuals and the choice made by these Galilee Shareholders.

If Galilee Shares are held by an individual and:

- they were acquired after 11.45am on 21 September 1999; and
- have been held for more than 12 months before the date on which the Galilee Shareholder accepted the Offer,

then the CGT discount referred to above should generally be available.

There is no entitlement to indexation of the cost base for the Galilee Shareholder in these circumstances.

It should be noted that the CGT discount is not available where Galilee Shares are held by a company.

**All Galilee Shareholders should obtain their own independent professional taxation advice.**

## 8. Information on Galilee Securities

### 8.1. Galilee Capital Structure

As at the date of this Bidder's Statement, there are 152,140,466 Galilee Shares on issue.

There are also 5,000,000 performance rights on issue. The Offer does not extend to these performance rights.

### 8.2. Galilee Share Trading

Over the 12 months to 9 December 2013, the last trading day before the date of this Bidder's Statement, Galilee Shares have traded in the range of 16.5 cents (16 September 2013) to 10 cents (31 May 2013). The average daily volume of Galilee Shares traded in this period was 62,051 shares.

Set out below is the highest price, lowest price and volume weighted average price at which Galilee Shares have traded over the periods specified below.

Period	Highest Price	Lowest Price	VWAP
3 months to the Announcement Date	16.5 cents	13 cents	14.46 cents
1 month to the Announcement Date	15 cents	13 cents	14.07 cents
5 trading days to the Announcement Date	14 cents	13 cents	13.01 cents

### 8.3. Interests of Mercantile and Olympus in Galilee

As at the date of this Bidder's Statement, Mercantile has a Relevant Interest in 3,525,400 Galilee Shares.

These Galilee Shares comprise:

- 3,500,000 Galilee Shares the subject of an option granted by Siblow Pty Limited to Mercantile. See Section 8.7 for details;
- 25,400 Galilee Shares acquired by Mercantile on-market at a purchase price of 13 cents in the period 18 October – 15 November 2013. See Section 8.5 for details.

All Galilee Shares are registered in the name of McNeil Nominees Pty Limited, a nominee company associated with a stock broking firm engaged by Mercantile and Siblow Pty Limited.

The Voting Power of a person in a listed company comprises the aggregate of the Relevant Interest that a person has in that company and the Relevant Interest that its Associates has in that company. Mercantile, as the ultimate holding company of Olympus, controls Olympus and so is considered an Associate of Olympus for the purposes of the Corporations Act. Accordingly, as at the date of this Bidder's Statement, Olympus has Voting Power in Galilee of 2.32%.

### 8.4. No Collateral benefits

Except as set out below, neither Olympus nor any Associate of the Olympus has, during the period of 4 months ending on the day immediately before the date of this Bidder's Statement, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or

(b) dispose of Galilee Shares,

which benefit was not offered to all Galilee Shareholders under the Offer.

#### **8.5. Consideration provided for Galilee Shares in the previous 4 months**

Set out below are details of all consideration for Galilee Shares provided by Olympus or its Associates under a purchase or agreement during the 4 months before the date of this Bidder's Statement:

<b>Date</b>	<b>Provider of consideration</b>	<b>Number acquired</b>	<b>Consideration paid per Galilee Share</b>
15 November 2013	Mercantile	12,000	13 cents
21 October 2013	Mercantile	2,000	13 cents
18 October 2013	Mercantile	11,400	13 cents

#### **8.6. No escalation agreements**

Neither the Olympus nor any Associate of the Olympus has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

#### **8.7. Galilee Shares**

Except as disclosed below, in the 4 months prior to the date of this Bidder's Statement, there have been no dealings in Galilee Shares by Olympus's Directors or their related entities:

On 19 November 2013 Siblow Pty Limited, an entity associated with Sir Ron Brierley, a director of Olympus, granted an option to Mercantile to acquire 3,500,000 Galilee Shares in which Siblow Pty Limited has a relevant interest. The option may be exercised at any time up to 30 June 2014. The exercise price for the option is 12 cents per Galilee Share.

## 9. Additional Information

### 9.1. No Defeating Condition and the Shareholder Approval Requirement

This Offer is not subject to any defeating conditions. There is no minimum acceptance condition to the Offer.

The Corporations Act permits a company to include in its constitution a provision requiring shareholder approval to be obtained to permit a proportional takeover offer to proceed. Rule 36 of the constitution of Galilee contained such a provision. Constitutional provisions of this nature must be renewed every 3 years. Rule 36 of the Galilee constitution expired on 22 November 2013. On 28 November 2013, Galilee announced that the resolution to approve the reintroduction of Rule 36 into the Galilee constitution was passed.

Based on statements in the explanatory memorandum and accompanying the notice of meeting for the Galilee AGM, Olympus noted in the Original Bidder's Statement that the re-introduced Rule 36 may not apply in circumstances where the Original Bidder's Statement is served on Galilee before the Galilee AGM.

Olympus acknowledges that Rule 36 of the Galilee constitution applies to the Offer. Accordingly, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a subsequent Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.

If Galilee Shareholders vote on a resolution to approve the Offer by the date 14 days before the end of the Offer Period and do not pass that resolution, under Rule 36 and the Corporations Act:

- (a) Olympus will withdraw the Offer; and
- (b) the Offer, if not previously accepted, will automatically become incapable of acceptance; and;
- (c) any contract resulting from an acceptance of this Offer before the withdrawal will automatically become void; and
- (d) Olympus will, as soon as possible after the meeting of Galilee's Shareholders, return all documents sent to it with the acceptance of the Offer.

### 9.2. Unmarketable Parcels

If the effect of accepting this Offer leaves you with a shareholding in Galilee that would be less than a Marketable Parcel, the Offer will be deemed to have been made in respect of (and you will receive consideration for) all of your Galilee Shares. For these purposes, a **Marketable Parcel** is a parcel of Galilee Shares with a value of less than \$500. This will be calculated on the basis of the last price at which Galilee Shares have traded on a "cum-Offer" basis on the trading day immediately prior to the date of acceptance of the Offer by the Galilee Shareholder.

By way of example, if a Galilee Shareholder had 6,500 Galilee Shares and the last price at which Galilee Shares traded on ASX on the trading day prior to acceptance of this Offer was 15 cents, that Shareholder could accept the Offer in respect of all 6,500 Shares. If the Galilee Shareholder had accepted the Offer in respect of one half of the Galilee Shareholding, the residual shareholding in Galilee would have a value of \$487.50, below the \$500 threshold for retaining a Marketable Parcel.

However, if Olympus is of the opinion that any Galilee Shareholder has attempted to split or otherwise manipulate their shareholding in Galilee in order to benefit from this provision, Olympus may give notice to that Galilee Shareholder (and other persons whom Olympus deems to have participated in the split or manipulation) to the effect that, for the purposes of this Offer:

- (a) that Galilee Shareholder shall be deemed to hold all Galilee Shares registered in its name and the names of all other persons set out in that notice (**Specified Persons**);



- (b) each Specified Person shall be deemed as holding no Galilee Shares; and
- (c) any acceptance of the Offer made by that Galilee Shareholder or any Specified Person shall be deemed as an acceptance of this Offer in respect of one out of every two of the total number of Galilee Shares registered in the name of that Galilee Shareholder and the Specified Persons.

### **9.3. Date for determining holders of Galilee Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is 25 November 2013.

### **9.4. ASIC modifications and exemptions**

ASIC has published various other class order instruments providing for modifications and exemptions that apply generally.

Olympus has relied, under Class Order 13/521 "Takeover bids" by ASIC, on the modifications to:

- (a) Section 618(2) of the Corporations Act, by paragraph 4(b) of the Class Order. This paragraph is concerned with preventing artificial share splitting in proportional bids including situations where trustees and nominees are involved. It is also concerned with removing uncertainty related to the meaning of "marketable parcel"; and
- (b) Section 624(2) of the Corporations Act, by paragraphs 4(f) and (g) of the Class Order. These paragraphs are concerned with clarifying the timing issues related to the closing time for offer periods that are automatically extended under the Corporations Act.

Olympus will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to Galilee Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) Galilee Shareholders should contact Mr Gabriel Radzynski on (02) 8014 1188 between 9am and 5pm (Sydney time) Monday to Friday.

### **9.5. Consents**

Watson Mangioni Lawyers Pty Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal adviser to the Offer in the form and context in which it is named.

Computershare Investor Services Pty Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as registrar for the Offer in the form and context in which it is named.

Each of Watson Mangioni Lawyers Pty Limited and Computershare Investor Services Pty Limited:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in documents lodged with ASIC or given to ASX. Pursuant to ASIC Class Order CO 13/521, the makers of those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those

documents (free of charge) please contact Mr Gabriel Radzynski, an Olympus Director, by fax on 02 8084 9918 or by email to Galilee@mercinv.com.au.

**9.6. Other material information**

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to Olympus and has not previously been disclosed to the holders of Galilee Shares) other than as disclosed in this Bidder's Statement.

## 10. Definitions and Interpretation

### 10.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

<b>\$</b>	Australian Dollars.
<b>Acceptance Form</b>	The acceptance form for the Offer accompanying this Bidder's Statement.
<b>Announcement Date</b>	21 October 2013 being the date on which Mercantile announced that it or its nominee intended to undertake a proportional off-market takeover bid for Galilee.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	Has the same meaning given to that term in section 9 of the Corporations Act.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial products market, Australian Securities Exchange, as the context requires.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ACN 008 504 532), the body which administers the CHESS system in Australia.
<b>ASX Settlement Operating Rules</b>	The settlement rules of ASX Settlement, a copy of which is available at <a href="http://www.asx.com.au">www.asx.com.au</a> .
<b>Bidder's Statement</b>	This replacement bidder's statement dated 10 December 2013.
<b>Board</b>	The board of directors of Galilee.
<b>Broker</b>	A person who is a share broker and a participant in CHESS.
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
<b>CGT</b>	Capital gains tax.
<b>CHESS</b>	The Clearing House Electronic Sub-register System, which provides for electronic share transfer in Australia.
<b>CHESS Holder</b>	A person who has a CHESS Holding.
<b>CHESS Holding</b>	A holding of Galilee Shares on the CHESS subregister of Galilee.
<b>controlled entity</b>	Has the meaning given to that word in the Corporations Act.
<b>Controlling Participant</b>	The Broker who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth).
<b>Encumbrance</b>	An interest or power: <ul style="list-style-type: none"> <li>(a) reserved in or over an interest in any asset including, without</li> </ul>

limitation, any retention of title; or

- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation and includes, without limitation, any agreement to grant or create any of the above.

<b>Foreign Law</b>	A law of any jurisdiction other than an Australian jurisdiction.
<b>Foreign Shareholder</b>	Any Galilee Shareholder whose address in Galilee's register of members is a place outside Australia and its external territories, to whom it is unlawful for the Olympus to make the Offer or for whom it is unlawful to accept the Offer.
<b>Galilee</b>	Galilee Energy Limited (ACN 064 957 419)
<b>Galilee AGM</b>	The annual general meeting of Galilee held on 28 November 2013.
<b>Galilee Board</b>	The board of Directors of Galilee.
<b>Galilee Director</b>	A director of Galilee.
<b>Galilee Share</b>	An ordinary share in the capital of Galilee.
<b>Galilee Shareholder</b>	A registered holder of Galilee Shares.
<b>Galilee Shareholding</b>	The Galilee Shares which a Galilee Shareholder is recorded on the register of members of Galilee as holding.
<b>Governmental Agency</b>	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
<b>Marketable Parcel</b>	A parcel of Galilee Shares with a value of less than \$500 as determined by reference to the last price at which Galilee Shares traded on an "cum-Offer" basis on the preceding trading day.
<b>Mercantile Director</b>	A director of Mercantile.
<b>Offer</b>	The offer to acquire Galilee Shares set out in Appendix A sent or to be sent to the holders of Galilee Shares (or persons entitled to receive those offers pursuant to the Corporations Act).
<b>Offer Consideration</b>	Consideration offered by Olympus for Galilee Shares, being 15 cents per Galilee Share.
<b>Offer Period</b>	The period for which the Offer remains open as set out in Section 2 of Appendix A.
<b>Olympus Director</b>	A director of Olympus.
<b>Original Bidder's Statement</b>	The original bidder's statement dated 25 November 2013 lodged with ASIC on that date.

<b>Registry</b>		Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Relevant Interest</b>		Has the same meaning given to that term in sections 608 and 609 of the Corporations Act.
<b>Rights</b>		All accretions, rights or benefits of whatever kind attaching to or arising from Galilee Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends, distributions, and all rights to receive dividends, distributions or to receive or subscribe for Securities, stock shares, notes, bonds, options or other securities, declared, paid or issued by Galilee or any of its controlled entities.
<b>Security</b>		Has the meaning as given in Section 92 of the Corporations Act.
<b>Shareholder Requirement</b>	<b>Approval</b>	<p>The requirement under Rule 36 of the constitution of Galilee that for the Offer to proceed, Galilee Shareholders:</p> <ul style="list-style-type: none"> <li>(a) pass an ordinary resolution to approve the Offer proceeding; or</li> <li>(b) fail to vote on that resolution,</li> </ul> <p>by the date 14 days before the end of the Offer Period.</p>
<b>Voting Power</b>		Has the same meaning given to that term in section 610 of the Corporations Act.

## 11. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to "\$", "A\$", "Australian Dollars" or "dollars" is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

## 12. Approval of Bidder's Statement

This replacement bidder's statement has been approved by a unanimous resolution of the Olympus Directors.

**Dated** 10 December 2013

**Signed**

A handwritten signature in black ink, appearing to read 'G Radzynski', with a long horizontal flourish extending to the right.

For and on behalf of Olympus Funds Management Pty Ltd

**Gabriel Radzynski**

**Director**

## Appendix A

### Terms of Offer

#### 1. Olympus's Offer

- 1.1 Olympus offers to acquire your Galilee Shares on the terms and conditions of this Offer. Subject to Clauses 3.4 - 3.5, you may accept this Offer in respect of any of your Galilee Shares provided that you may not accept in respect of more than one of every two Galilee Shares you hold. The consideration being offered by Olympus is 15 cents for each Galilee Share acquired under this Offer.
- 1.2 If you accept this Offer and Olympus acquires any of your Galilee Shares, Olympus is also entitled to any Rights in respect of those of your Galilee Shares acquired by Olympus.

#### 2. Offer Period

Unless withdrawn, this Offer remains open for acceptance during the period commencing on [•] December 2013 and ending at 7:00pm on [•] February 2014 Sydney time, subject to any extension of that period in accordance with the Corporations Act.

#### 3. Who May Accept

- 3.1 An offer in the form of this Offer is being made to each holder of Galilee Shares registered in the register of members of Galilee at 7:00pm Sydney time on 25 November 2013.
- 3.2 If at the time this Offer is made to you another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of any of your Galilee Shares (**transferred Shares**), Olympus is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
- (a) to the other person, relating to the transferred Shares; and
  - (b) to you, relating to your Galilee Shares other than the transferred Shares (if any).
- 3.3 If at any time during the Offer Period and before this Offer is accepted, you hold your Galilee Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act:
- (a) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your Galilee Shares;
  - (b) to accept any of those corresponding Offers, you must specify:
    - (i) by written notice accompanying your Acceptance Form; or
    - (ii) if the notice relates to Galilee Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules,
 that your Galilee Shares consist of distinct portions and the number of the Galilee Shares to which the acceptance relates; and
  - (c) otherwise, Section 653B of the Corporations Act applies to this Offer in respect of your Galilee Shares and any acceptance of this Offer by you.
- 3.4 If you accept this Offer for up to one out of every two of your Galilee Shares, you are not entitled to subsequently accept this Offer for the remainder of your Galilee Shares



**(Remaining Shares)**, nor can any transferee of your Remaining Shares accept this Offer for those Galilee Shares. Your remaining Galilee Shares will be “tagged” to prevent you or your transferee from accepting this Offer.

- 3.5 The Offer will operate so that if the number of Galilee Shares you hold is not divisible by two your holding will be rounded up to the nearest multiple of two and you will be entitled to accept one out of every two of your Galilee Shares calculated by reference to that higher number. For example, if your holding is 1,000,001 Galilee Shares you will be entitled to accept the Offer in respect of 500,001 Galilee Shares, a calculation based on a holding of 1,000,002 Galilee Shares.
- 3.6 Despite anything in Clauses 1.1, 3.4 and 3.5 of this Appendix A, if the effect of accepting this Offer leaves you with a shareholding in Galilee of less than a Marketable Parcel, this Offer will be deemed to have been made in respect of (and you will be paid consideration due for) 100 per cent of your Galilee Shares. However, if Olympus is of the opinion that any Galilee Shareholder has attempted to split or otherwise manipulate their shareholding in Galilee in order to benefit from this provision, Olympus may give notice to that Galilee Shareholder (and other persons whom Olympus deems to have participated in the split or manipulation) to the effect that, for the purposes of this Offer:
- (a) that Galilee Shareholder shall be deemed to hold all Galilee Shares registered in its name and the names of all other persons set out in that notice (**Specified Persons**);
  - (b) each Specified Person shall be deemed as holding no Galilee Shares; and
  - (c) any acceptance of the Offer made by that Galilee Shareholder or any Specified Person shall be deemed as an acceptance of this Offer in respect of one out of every two of the total number of Galilee Shares registered in the name of that Galilee Shareholder and the Specified Persons.

#### **4. How to Accept this Offer**

- 4.1 You may accept this Offer in respect of any of your Galilee Shares provided that you may not accept for more than one of every two Galilee Shares that you hold.
- 4.2 You may only accept this Offer during the Offer Period.
- 4.3 If your Galilee Shares are held in a CHESS Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.
- 4.4 To accept this Offer, you should proceed as follows:
- (a) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and the Bidder’s Statement and return it, so that the envelope in which they are sent is received by Olympus in accordance with the Acceptance Form before the end of the Offer Period; and
  - (b) if your Galilee Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:
    - (i) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the end of the Offer Period; or
    - (ii) if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

## 5. Effect of Acceptance

5.1 By accepting the Offer in accordance with Clause 4, you will have:

- (a) accepted this Offer in respect of one of every two of your Galilee Shares or such lesser number as specified in your Acceptance Form;
- (b) agreed to transfer your Galilee Shares to Olympus;
- (c) represented and warranted to Olympus that your Galilee Shares will at the time of acceptance of this Offer and at the time of their transfer to Olympus be fully paid up and that Olympus will acquire good title to and beneficial ownership of your Galilee Shares free from all Encumbrances and other adverse third party interests of any kind;
- (d) irrevocably appointed Olympus and each of its directors, secretaries and officers severally from time to time as your attorney to do all things which you could lawfully do in relation to your Galilee Shares or in exercise of any right derived from the holding of such Galilee Shares, including without limitation:
  - (i) attending and voting at any general meeting of Galilee;
  - (ii) notifying Galilee that your address in the records of Galilee for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by Olympus;
  - (iii) do all things necessary to effect the transfer of your Galilee Shares on the same terms and conditions set out in the Offer, legally and beneficially to Olympus; and
  - (iv) doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of Olympus as the registered holder of your Galilee Shares or withdrawal of the Offer and rescission of the contract effected by your acceptance of the Offer in accordance with Section 648F of the Corporations Act (if applicable).

- (e) Olympus must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Clause 5.1(d);
- (f) agreed that in exercising the powers conferred by the power of attorney under Clause 6.1(d) the attorney may act in the interests of Olympus as the intended registered holder and beneficial holder of those Galilee Shares;
- (g) agreed not to attend or vote in person at any general meeting of Galilee or to exercise or purport to exercise any of the powers conferred on an attorney under Clause 5.1(d);
- (h) represented and warranted to Olympus that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer or to your acceptance of this Offer;
- (i) agree to indemnify Olympus and Galilee fully in respect of any claim, demand, action, suit or proceeding made or brought against Galilee and any loss, expense, damage or liability whatsoever suffered or incurred by Olympus, in each case as a result of any representation or warranty made by you not being true;
- (j) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Olympus has not yet provided the consideration due to

you) you authorise Olympus to transmit a message to ASX Settlement in accordance Rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Galilee Shares which are CHESS Holdings into the Olympus Takeover Transferee Holding; and

- (k) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Olympus has not provided the Consideration due to) you authorise Olympus to enter those of your Galilee Shares which are Issuer Sponsored Holdings into the name of Olympus.

5.2 By completing, signing and returning the Acceptance Form, you will also have:

- (a) authorised Olympus and each of its directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
  - (i) to make the Acceptance Form an effectual acceptance of this Offer; and
  - (ii) to enable registration of the transfer to Olympus of your Galilee Shares; and
- (b) authorised Olympus and each of its directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

5.3 Olympus may at any time in its absolute discretion:

- (a) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance although any of the other requirements for a valid acceptance have not been complied with; and
- (b) where you have satisfied the requirements for acceptance in respect of only some of your Galilee Shares, treat the acceptance as a valid acceptance only in respect of those Galilee Shares.

5.4 In respect of any part of an acceptance treated by Olympus as valid, Olympus must provide you with the relevant consideration in accordance with Clause 6.1.

## **6. Consideration for your Galilee Shares**

6.1 Subject to Clauses 6.2 and 6.4 of this Offer, if you accept this Offer and your acceptance is not lawfully rescinded, Olympus will pay to you the Offer Consideration to which you are entitled by the earlier of:

- (a) the date 1 month after the date you validly accept this Offer;
- (b) the date 21 days after the close of the Offer.

6.2 If you accept the Offer and you are a Foreign Unitholder, you are not entitled to receive the Offer Consideration unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australian Taxation Office. Refer to Clause 6.9 of this Offer for further information.

6.3 Notwithstanding anything else in the Bidder's Statement, Olympus is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Foreign Shareholders to receive the Offer Consideration as set out in this Clause 6.2.

6.4 Where the Acceptance Form or any subsequent request from Olympus requires additional documents to be given with your acceptance (such as a certified copy of any of a power of

attorney, grant of probate or letters of administration, or any other document requested by Olympus to give better effect to your acceptance):

- (a) if the documents are given with your acceptance, Olympus will provide the Offer Consideration in accordance with Clause 6.1 of this Offer;
- (b) if the documents are given after acceptance and before the end of the Offer Period, Olympus will provide the Offer Consideration by the end of whichever of the following periods ends one month after Olympus is given the documents; or
- (c) if the documents are given after the end of the Offer Period, Olympus will provide the Offer Consideration within 21 days after the documents are given.

6.5 If you do not provide Olympus with the required additional documents within one month after the end of the Offer Period, Olympus may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

6.6 If Olympus becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Olympus all documents necessary to vest those Rights in Olympus or otherwise to give Olympus the benefit or value of those Rights. If you do not give those documents to Olympus, or if you have received the benefit of those Rights, then Olympus may reduce the Offer Consideration to which you are otherwise entitled under this Offer by the amount equal to the value, (as reasonably assessed by Olympus), of those Rights.

6.7 If:

- (a) you have (or any previous holder of your Galilee Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your Galilee Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Galilee Shares is) the registered holder of the Shares at the specified time for determining those entitled to the distribution); or
- (c) your Galilee Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Galilee Shareholders,

then Olympus may reduce the Offer Consideration to be paid to you under this Offer by the value (as reasonably assessed by Olympus) of such Rights.

6.8 If Olympus does not, or cannot, make such a reduction, you must pay such value or amount to Olympus.

6.9 If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- (a) the Banking (Foreign Exchange) Regulations 1959 (Cth);
- (b) Part 4 of the Charter of the United Nations Act 1945 (Cth);
- (c) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
- (d) Part 9 of the Anti-Money Laundering And Counter-Terrorism Financing Act 2006 (Cth);
- (e) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945* (Cth); or

- (f) any other law of Australia that would make it unlawful for Olympus to provide Consideration for your Galilee Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

- 6.10 If Olympus is required by law to retain or withhold (and pay to a public authority) any amount of the Offer Consideration you are entitled to under this Offer, the retention or payment by Olympus of that amount in conjunction with providing the remaining Offer Consideration to be provided to you in accordance with Clause 6.6 of the Offer will constitute full and proper provision of the Offer Consideration to you under this Offer.

## **7. Withdrawal of Offers**

- 7.1 This Offer may be withdrawn by Olympus, but only:
- (a) with ASIC's written consent (which consent may be given subject to any conditions which may be imposed by ASIC);
  - (b) in accordance with Rule 36 of the constitution of Galilee and Section 648F of the Corporations Act (if applicable); or
  - (c) otherwise in accordance with the Corporations Act.
- 7.2 Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from Olympus given to Galilee.
- 7.3 Subject to any conditions imposed by ASIC on its consent, where Olympus withdraws this Offer:
- (a) this Offer, if not previously accepted, automatically becomes incapable of acceptance; and
  - (b) any contract resulting from an acceptance of this Offer before the withdrawal (and for this purpose this Offer is treated as having continued in existence notwithstanding that acceptance) is automatically void.

## **8. Variation**

Olympus may vary this Offer in accordance with the Corporations Act.

## **9. Olympus's Relevant Interests**

At the date of this Offer, there are 152,140,466 Galilee Shares on issue. Immediately before this Offer was sent, Olympus had a Relevant Interest in 3,525,400 Galilee Shares. This constitutes 2.32% of all of the Galilee Shares on issue.

## **10. No Duty**

Olympus must pay all duty payable on the transfer of your Galilee Shares to it if you accept this Offer.

## **11. Foreign Laws**

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive the Offer Consideration.

## **12. Governing Law**

- 12.1 This Offer and any contract resulting from acceptance of the Offer are governed by the law in force in NSW.
- 12.2 This Offer is dated [•] December 2013.

**Replacement Bidder's Statement**

for the  
**Cash Offer**

by  
**Olympus Funds Management Pty Ltd**  
**(ABN 30 120 221 623)**

**A wholly owned subsidiary of Mercantile Investment Company Limited**

to acquire up to 1 out of every 2 of your Shares in  
**Galilee Energy Limited**  
**(ABN 11 064 957 419)**

for

**\$0.15 cash**

**This is an important document and requires your immediate attention. It replaces the Original Bidder's Statement dated 25 November 2013 and the first supplementary bidder's statement dated 29 November 2013 each lodged with ASIC.**

If you are in any doubt as to how to deal with it, you should consult your financial or other professional adviser. Alternatively, you may submit your query in writing to Gabriel Radzynski, an Olympus Director, by fax on 02 8084 9918 or by email to GLL@mercin.com.au.

To accept the Offer please complete the enclosed Acceptance Form and use the supplied paid envelope to return the completed Acceptance Form to us. An Acceptance Form will not be accepted if returned by fax or email.

The Offer is dated [\*] December 2013 and will expire at 7.00pm (Sydney time) on [\*] January February 2014 (unless withdrawn or extended). ASIC takes no responsibility for this Replacement Bidder's Statement.

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# Olympus Funds Management Pty Limited

ABN ~~30 120 221 62345 421 415 576~~

Level 11, 139 Macquarie Street

Sydney NSW 2000

Tel 02 8014 1188

Fax 02 8084 9918

## Chairman's Letter

Dear Galilee Shareholder,

Olympus Funds Management Pty Ltd (**Olympus**), a wholly owned subsidiary of Mercantile Investment Company Ltd (**Mercantile**), is pleased to offer you 15 cents cash for one of every two Galilee Shares you own (**Offer**).

The Olympus Directors believe the Offer represents an attractive opportunity for Galilee Shareholders to realise half of their investment in Galilee for cash and retain an exposure to any future prospects Galilee might have. You will not have to pay any brokerage to accept the Offer (you may incur brokerage fees if you choose to sell you Galilee Shares on market or if you instruct your Controlling Participant to accept the Offer on your behalf).

### Details of the Offer

The Offer is 15 cents cash for up to one of every two Galilee Shares you own (in other words, we are offering to buy up to 50% of your shareholding).

The Offer Price represents a premium of 2 cents or 15% to 13 cents, the last price at which Galilee Shares traded on ASX prior to Mercantile's announcement of 21 October 2013 of the intention to make the Offer. ~~Since then, the Galilee Share price has deteriorated.~~ The closing price of Galilee Shares on ASX on 22 November 2013, the last trading day before the date of [the Original](#)~~this~~ Bidder's Statement, was 13.5 cents.

It is important that you read the information in this Bidder's Statement in deciding on whether to accept our Offer and if necessary, contact a qualified investment adviser for assistance.

### No Olympus conditions to the Offer

Olympus has imposed no conditions to the Offer. There is no minimum acceptance condition to the Offer.

### Your Board's efforts to impose a takeover approval condition

The Corporations Act permits a company to include in its constitution a provision requiring shareholder approval to be obtained to permit a proportional takeover offer to proceed. Rule 36 of the constitution of Galilee ~~is contained~~ such a provision. ~~Constitutional provisions of this nature must be renewed every 3 years. Rule 36 of the Galilee constitution expired on 22 November 2013.~~

~~On 21 October 2013 Mercantile announced the intention that it or its nominee would undertake this bid. Notwithstanding this, the Galilee board determined to seek Galilee Shareholder approval to to re-insert Rule 36 into the Galilee at the annual general meeting convened for. This Rule was reintroduced into the Galilee constitution on 28 November 2013. The re-introduction of this Rule, if effective, would impose a shareholder approval condition on the Offer when it was clear from the Mercantile announcement that the Offer would be made without conditions.~~

~~In the explanatory memorandum accompanying the notice of the upcoming annual general meeting, your Board has stated that if Mercantile serves its offer on Galilee after approval of the proportional takeover~~

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~~provisions in the Galilee constitution, Rule 36 as renewed would apply to this Offer. This Bidder's Statement will be served on Galilee while there is no current proportional takeover provision in the Galilee constitution. Olympus has done this to enable Galilee Shareholders to consider the Offer in the form initially proposed and announced — an Offer free of conditions.~~

~~Olympus considers that the appropriate course of action for the Galilee Board at this time is to withdraw Resolution 5 from the Galilee AGM.~~

~~Your Board may instead assert that Rule 36, if re-introduced at the Galilee AGM, will impose a Galilee Shareholder approval requirement for the Offer. If Rule 36 is applied to this Offer, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a subsequent Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.~~

~~Galilee Shareholders have an opportunity to remove any doubt on this issue and to send a clear message to the Galilee Board — that you want the opportunity to accept this Offer as announced over a month ago. To do so, you should vote **against** the special resolution to re-insert Rule 36 to the constitution. See Section 9.1 for details.~~

~~As a result, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.~~

~~Galilee Shareholders have an opportunity to ensure that the Offer proceeds by voting in favour of the resolution to approve the Offer at the meeting to be convened by the Galilee Board. Shareholder approval does **not** mean that you must accept the Offer. The shareholder approval is directed only at allowing all Galilee Shareholders the opportunity to make a choice – to accept or reject the Offer.~~

#### **Rationale for the Offer**

Olympus believes that Galilee has incurred operating costs and expenditure on speculative exploration ventures with little return for Galilee Shareholders. Olympus considers the best outcome for Galilee Shareholders would involve the following and if the Offer is successful would undertake a strategic review to assess the viability of the following:

- (a) a substantial reduction in Galilee's present running costs which Olympus considers are excessive;
- (b) immediately ceasing further expenditure on development of the ATP 799P tenement;
- (c) assessment of the remaining costs required to be spent by March 2014 in respect of the ATP 529P property (**AGL Glenaras Project**) to establish a realisable value or, if a realisable value cannot be derived from that property, to acknowledge that it cannot be sold and write off all costs incurred on that project in the accounts of Galilee; and
- (d) returning all remaining cash funds (including any return generated from the sale of the **AGL Glenaras Project**), to Galilee Shareholders.

~~We are pleased that the Galilee Chairman confirmed at the Galilee AGM that the Company proposes to cease further expenditure on development of the ATP 799P tenement. However, **W**we believe the Galilee Board holds a contrary view to the above and proposes that Galilee embark on speculative new exploration ventures. Olympus considers that this is not the appropriate strategic direction for Galilee.~~

Olympus also considers that the board is not truly representative of Galilee Shareholders. With the recent resignation of Messrs Young, Camarri and Jensen, the board of Galilee ~~solely~~ comprises 3 directors nominated by a single Galilee Shareholder, Malt Energy Pty Limited and new director Ray Shorrocks. Based on the substantial shareholder notices lodged to date, Malt itself holds approximately 16.12% of Galilee Shares on issue.

Subject to the outcome of the Offer, Olympus will seek to reconfigure the board of Galilee to be more representative of Galilee Shareholders. Olympus also proposes to promote the cost reduction programme, asset sale and return of capital outlined above, subject to any operational, financial and legal constraints

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that may be subsequently identified. See Section 4 for details of Olympus's intentions with respect to Galilee.

**How to accept**

If you choose to accept the Offer you can either direct your Controlling Participant (normally your broker) to accept the Offer on your CHESS holding on your behalf, or complete and sign the enclosed Acceptance Form and return it in the supplied envelope so that it is received before the end of the Offer Period. An Acceptance Form will not be accepted if returned by fax or email.

The Offer is scheduled to close at 7:00pm (Sydney time) on [•].

**More information**

If you have any questions concerning the Offer, you may submit your query in writing to Gabriel Radzyminski, a fellow Olympus Director, by fax on 02 8084 9918 or by email to GLL@mercinv.com.au. For any additional queries we recommend you contact your broker or financial adviser.

Yours sincerely,

**Ron Brierley**  
**Chairman**

## Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

**The Offer** Olympus Funds Management Pty Ltd (**Olympus**) is offering to acquire up to 50% of your Galilee Shareholding.

**Offer Price** The Offer Price is 15 cents cash per Galilee Share for up to one of every two of your Galilee Shareholding.

**Offer Period** The Offer is scheduled to close at 5.7pm (Sydney time) on [•] (but it may be extended).

**Why accept the Offer?** The Offer allows Galilee Shareholders to sell up to half of their Galilee Shareholding at a cash price that represents a premium of 2 cents or 15% to 13 cents, the last price at which Galilee Shares traded prior to Mercantile's announcement of 21 October 2013 (**Announcement Date**) of the intention to make the Offer.

The Olympus Directors believe the Offer presents Galilee Shareholders with an opportunity to realise some value for their investment in Galilee while retaining exposure to any future prospects Galilee might offer. Further, Mercantile has committed to actively involve itself in reducing Galilee excessive running costs, and to return capital to all Galilee Shareholders.

**No Olympus Offer condition** Olympus has imposed no conditions to the Offer. There is no minimum acceptance condition to the Offer.

**Shareholder approval requirement** [Under Rule 36 of the Galilee constitution, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.](#)

[If Galilee Shareholders vote on a resolution to approve the Offer by the date 14 days before the end of the Offer Period and do not pass that resolution, under Rule 36 and the Corporations Act:](#)

- [\(a\) Olympus will withdraw the Offer;](#)
- [\(b\) the Offer, if not previously accepted, will automatically become incapable of acceptance;](#)
- [\(c\) any contract resulting from an acceptance of this Offer before the withdrawal will automatically become void; and](#)
- [\(d\) Olympus will, as soon as possible after the meeting of Galilee's Shareholders, return all documents sent to it with the acceptance of the Offer.](#)

[Olympus urges all Galilee Shareholders to vote in favour of approval of the Offer at the general meeting to be convened by the Galilee Board. As at the date of this Bidder's Statement, there is no valid proportional takeover approval provision in the Galilee constitution.](#)

~~Notwithstanding that it knew a proportional offer was forthcoming on the terms announced, the Galilee Board has sought to re-introduce Rule 36 into the constitution of Galilee at the annual general meeting of Galilee convened for 28 November 2013 (Galilee AGM). The explanatory memorandum accompanying the notice of meeting for the Galilee AGM states that the re-introduced Rule 36 will apply to this Offer if it is served on Galilee after the Galilee AGM. This Bidder's Statement will be served on Galilee before the Galilee AGM and so, on the basis of the Galilee Board's explanatory memorandum, Galilee Shareholder approval should not be required for the Offer to proceed.~~

~~If Rule 36 is applied to this Offer, completion of the acquisition of your~~

~~Galilee Shares under this Offer would be conditional on Galilee Shareholders approving the Offer by ordinary resolution or Galilee Shareholders failing to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period (Shareholder Approval Requirement). See Section 9.1 for details.~~

**Payment**

If you accept the Offer and that acceptance is not lawfully rescinded, you will be paid the cash proceeds, by the earlier of:

- (a) the date 1 month after you validly accept the Offer; and
- (b) the date 21 days after the Offer closes.

**Mercantile and Olympus's existing shareholding in Galilee**

As at the date of this Bidder's Statement, Mercantile has a Relevant Interest in 3,525,400 Galilee Shares and Voting Power of 2.32%. As Mercantile is an Associate of Olympus, Olympus has the same Voting Power of 2.32% in Galilee. See Section 8.3 for details.

The above information is a summary only of key elements of this Bidder's Statement. Galilee Shareholders should read all of this Bidder's Statement before making any decision in relation to the Offer.

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## How to accept the Offer

There are different ways to accept the Offer depending on how you hold your Galilee Shares.

### For CHESS Holdings

Instruct your stockbroker or other Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

Alternatively, you may complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001  
Australia

An Acceptance Form will not be accepted if returned by fax or email.

### For Issuer Sponsored Holdings

Complete and sign the accompanying Acceptance Form in accordance with instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001  
Australia

An Acceptance Form will not be accepted if returned by fax or email.

### The Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer for up to one out of every two of your Galilee Shares.

### Partial Acceptance

You may accept the Offer for any proportion of your Galilee Shareholding up to a maximum of one out of every two Galilee Shares that you hold (ie 50%). If you wish to accept the Offer for less than one out of every two Galilee Shares, you must indicate this clearly on the Acceptance Form. If the Acceptance Form does not clearly state the proportion of your Galilee Shareholding that you wish to accept into the Offer, or the portion you specify is more than your total holding known to Olympus, Olympus will treat your acceptance as being for one out of every two of your Galilee Shareholding (ie 50%).

However, if your acceptance of the Offer results in your remaining Galilee Shareholding being less than a Marketable Parcel, you may accept the Offer for all of your Galilee Shares. See Section 9.2 for details.

## Why you should Accept the Offer

### 1. Attractive cash offer for all Galilee Shareholders

The Offer is 15 cents cash (**Offer Price**) for up to 50% of every Galilee Shareholding in Galilee that Olympus does not already own.

The Offer Price:

- (a) represents a 2 cent or 15% premium to 13 cents, the last price at which Galilee Shares traded on ASX prior to the Announcement Date; and
- (b) represents a 1.5 cent or 11.1% premium to 13.5 cents, the last price at which Galilee Shares traded on ASX prior to the date of the ~~is~~ **Original Bidder's** Statement.

### 2. The Offer provides certainty of value for up to 50% of your Galilee Shares

The Offer is an offer to acquire up to 50% of your Galilee Shares for cash. By accepting this Offer you will be paid 15 cents cash for up to one of every two Galilee Shares you own, subject only to satisfaction of the Shareholder Approval Condition (if applicable).

You will also continue to be exposed to the risks and opportunities associated with an investment in Galilee. You should refer to Section ~~6~~7 for a discussion of these risks and Section 4 for a discussion of Olympus's intentions with respect to Galilee.

### 3. You will not incur any brokerage costs in accepting the Offer

By accepting the Offer you will not incur any brokerage charges if your Galilee Shares are registered in an issuer sponsored holding (you may incur brokerage fees if you choose to sell you Galilee Shares on-market or you instruct your Controlling Participant to accept the Offer on your behalf).

### 4. No minimum acceptance condition

As there is no minimum acceptance condition, Olympus will acquire any number of your Galilee Shares for which you accept – up to a maximum of 50% of your Galilee Shareholding.

Olympus has imposed no conditions on the Offer.

~~Under Rule 36 of the Galilee constitution, is applied to this Offer,~~ completion of the acquisition of your Galilee Shares under this Offer ~~is~~would be conditional on approval by Galilee Shareholders (provided Galilee Shareholders vote to approve the Offer no later than 14 days before the end of the Offer Period). ~~Olympus urges all Galilee Shareholders to vote FOR approval of the Offer at the general meeting to be convened by the Galilee Board. If you wish to accept the Offer, you should vote against resolution 5 at the Galilee AGM. See Section 9.1 for details.~~

### 5. Liquidity

Galilee Shares current exhibit very low volumes of trading on ASX. As such, there may be little opportunity to dispose of your Galilee Shares in a liquid market. The Offer provides an opportunity for Galilee Shareholders to sell up to 50% of their Galilee Shares.

- 1. If your acceptance of the Offer results in your remaining Galilee Shareholding being less than a Marketable Parcel, you may accept the Offer for all of your Galilee Shares. See Section 9.2 for details

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## Important Information

### Important dates

Event	Date
Announcement Date	21 October 2013
Date of <a href="#">Original Bidder's Statement</a>	25 November 2013
<a href="#">Date of this replacement bidder's statement</a>	<a href="#">10 December 2013</a>
Dispatch of Bidder's Statement and Offer opens	[*] December 2013
Close of Offer*	[*] <a href="#">January-February</a> 2014

\* This date is indicative only and may be changed as permitted by the Corporations Act.

### [Replacement Bidder's Statement and Offer](#)

This is [the a replacement B](#)bidder's [S](#)statement dated [25 November](#)[10 December](#) 2013 given by Olympus to Galilee and each Galilee Shareholder under Part 6.5 of Chapter 6 of the Corporations Act. [It replaces the Original Bidder's Statement dated 25 November 2013 as amended by the first supplementary bidder's statement dated 29 November 2013 which were each lodged with ASIC on those respective dates. In this document, unless the context otherwise requires, references to Bidder's Statement is a reference to this replacement bidder's statement.](#)

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This Bidder's Statement was approved by an unanimous resolution of the board of directors of Olympus. It includes an Offer for the Galilee Shares dated [\*] 2013.

The Offer relates to all Galilee Shares that exist on 25 November 2013.

### ASIC

A copy of this Bidder's Statement was lodged with ASIC on [22 November](#)[10 December](#) 2013. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

### Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each Galilee Shareholder or any other person. Galilee Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

### Disclaimer

Except for historical information contained in this Bidder's Statement, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Those risks and uncertainties include factors and risks specific to the industry in which the Mercantile and Galilee operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially. For a discussion of important risk factors which could cause actual results to differ materially from such forward-looking statements, refer to Section [68](#) of this Bidder's Statement.

None of the Olympus Directors, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law.

### Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section [102](#). Unless the contrary intention appears, the context requires otherwise or words are defined in Section [102](#), words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

### Sources of Information

Information included in this Bidder's Statement relating to Galilee and its business has been derived solely from publicly available sources published by Galilee, including annual and half yearly financial reports and ASX announcements.

Subject to the foregoing and to the maximum extent permitted by law, Olympus and its Directors disclaim all liability for any information concerning Galilee including in this Bidder's Statement. Galilee Shareholders should form their own views concerning Galilee from publicly available information.

### Privacy

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Olympus has collected your personal information from the register of Galilee Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of Galilee Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Olympus's related bodies corporate and its related bodies corporate, service providers and advisers, and may be required to be disclosed to regulators such as ASIC.

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## 1. Main Features of the Offer

This Section sets out a summary of the main features of the Offer. It is qualified by the detailed information contained in the remainder of the Bidder's Statement.

### 1.1. The Offer

Mercantile announced that it or a nominee intended to make an offer to acquire up to 50% of all of the Galilee Shares it does not own on the Announcement Date. The Offer is being undertaken by way of an off-market takeover bid. Appendix A of this Bidder's Statement contains the terms of the Offer. The remainder of this Bidder's Statement contains other information known to Olympus which is relevant to your decision as to whether to accept or reject the Offer.

### 1.2. What is Olympus Offering for my Galilee Shares?

The Offer is a cash offer of 15 cents for one of every two Galilee Shares you own. If you hold an odd number of Galilee Shares, the number of Galilee Shares for which you may accept the Offer will be rounded up to the nearest whole number.

The Offer extends to Galilee Shares on issue on 25 November 2013.

### 1.3. Foreign Shareholders

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

### 1.4. Will I pay any brokerage or stamp duty if I accept any of the Offer?

You will not pay brokerage or stamp duty as a result of accepting the Offer (you may incur brokerage fees if you choose to sell you Galilee Shares on market or you instruct your Controlling Participant to accept the Offer on your behalf).

### 1.5. When does the Offer close?

The Offer closes at 7.00pm (Sydney time) on [~~•~~] ~~January-February~~ 2014, unless extended or withdrawn in accordance with the Corporations Act.

### 1.6. How do I accept the Offer?

There are different ways to accept the Offer depending on how you hold your Galilee Shares.

*For CHESS Holdings*

Instruct your stockbroker or other Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

Alternatively, you may complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001  
Australia

An Acceptance Form will not be accepted if returned by fax or email.

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*For Issuer Sponsored Holdings*

Complete and sign the accompanying Acceptance Form in accordance with instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

Olympus – Galilee Offer  
 Computershare Investor Services Pty Limited  
 GPO Box 52  
 MELBOURNE VIC 3001  
 Australia

An Acceptance Form will not be accepted if returned by fax or email.

**The Acceptance Form**

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer for up to one out of every two of your Galilee Shares.

You may only accept the Offer for up to one out of every two (ie 50%) of your Galilee Shares, rounded up to the nearest whole number. If you wish to accept the Offer for less than one out of every two Galilee Shares, you must indicate this clearly on the Acceptance Form. If the Acceptance Form does not clearly state the proportion of your Galilee Shareholding that you wish to accept into the Offer, or the portion you specify is more than your total holding known to Olympus, Olympus will treat your acceptance as being for one out of every two of your Galilee Shareholding (ie 50%).

However, if your acceptance of the Offer results in your remaining Galilee Shareholding being less than a Marketable Parcel, you may accept the Offer for all of your Galilee Shares. See Section 9.2 for details.

**1.7. If I accept the Offer, can I try to sell the remainder of my Galilee Shareholding on-market?**

Yes. However, any purchaser of such Galilee Shares will not be able to accept the Offer in respect of those Galilee Shares. For instance, if you hold 100,001 Galilee Shares and you accept the Offer:

- (a) 50,001 of those Galilee Shares (i.e. 50%) will be accepted to the Offer; and
- (b) you will be able to sell (whether on-market or otherwise) the remaining 50,000 Galilee Shares (i.e. 50%) to which the Offer does not relate (**Remaining Shares**).

However, you should be aware that in accordance with ASX published policy (ASX Guidance Note 18: Market Codes and Trading Procedures) there will be special ASX trading arrangements with respect to these Remaining Shares. In summary these are as follows:

- (a) purchasers of Remaining Shares will not be entitled to accept the Offer and, accordingly, those shares will be traded on the ASX on an "ex-Offer" basis – a separate ASX code will be established for these ex-Offer Galilee Shares; and
- (b) there will be deferred settlement of trades in ex-Offer Galilee Shares – settlement will be deferred until after the end date of Offer Period.

However, if you do not accept this Offer in respect of any of your Galilee Shares and instead sell all your Galilee Shares, the purchaser of those Galilee Shares may accept the Offer. In this circumstance, your Galilee Shares will trade on a "cum-Offer" basis and in a normal (T+3) settlement market.

**1.8. What are the Conditions of the Offer?**

Olympus has imposed no conditions to the Offer. There is no minimum acceptance condition to the Offer.

~~On 28 November 2013 Galilee announced that the resolution to approve the re-introduction of Rule 36, a proportional takeover approval provision, into the Galilee Constitution was passed as a special resolution.~~

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~~Under Rule 36, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.~~

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~~If Galilee Shareholders vote on a resolution to approve the Offer by the date 14 days before the end of the Offer Period and do not pass that resolution, under Rule 36 and the Corporations Act;~~

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~~(a) Olympus will withdraw the Offer;~~

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~~(b) the Offer, if not previously accepted, will automatically become incapable of acceptance;~~

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~~(c) any contract resulting from an acceptance of this Offer before the withdrawal will automatically become void; and~~

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~~(d) Olympus will, as soon as possible after the meeting of Galilee's Shareholders, return all documents sent to it with the acceptance of the Offer.~~

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~~Olympus urges all Galilee Shareholders to vote **FOR approval of the Offer** at the general meeting to be convened by the Galilee Board.~~

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~~The Corporations Act permits a company to include in its constitution a provision requiring shareholder approval to be obtained to permit a proportional takeover offer to proceed. Rule 36 of the constitution of Galilee contained such a provision. Constitutional provisions of this nature must be renewed every 3 years. Rule 36 of the Galilee constitution expired on 22 November 2013.~~

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~~On 21 October 2013 Mercantile announced the intention that it or its nominee would undertake this bid. Notwithstanding this, the Galilee Board determined to seek Galilee Shareholder approval to re-insert Rule 36 into the Galilee at the annual general meeting convened for 28 November 2013. The re-introduction of this Rule, if effective, would impose a shareholder approval condition on the Offer when it was clear from the Mercantile announcement that the Offer would be made without conditions.~~

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~~In the explanatory memorandum accompanying the notice of the upcoming annual general meeting, your Board has stated that if Mercantile serves its offer on Galilee after approval of the proportional takeover provisions in the Galilee constitution, Rule 36 as renewed would apply to this Offer. This Bidder's Statement will be served on Galilee while there is no current proportional takeover provision in the Galilee constitution. Olympus has done this to enable Galilee Shareholders to consider the Offer in the form initially proposed and announced — an Offer free of conditions.~~

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~~Olympus considers that the appropriate course of action for the Galilee Board at this time is to withdraw Resolution 5 from the Galilee AGM.~~

~~Your Board may instead assert that Rule 36, if re-introduced at the Galilee AGM, will impose a Galilee Shareholder approval requirement for the Offer. If Rule 36 is applied to this Offer, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a subsequent Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.~~

~~Galilee Shareholders have an opportunity to remove any doubt on this issue and to send a clear message to the Galilee Board — that you want the opportunity to accept this Offer as announced over a month ago. To do so, you should vote **against** the special resolution to re-insert Rule 36 to the constitution.~~

~~If Rule 36 were to apply to the Offer and Galilee Shareholders did not approve the Offer;~~

~~(a) Olympus will withdraw the Offer; and~~

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- ~~(b) the Offer, if not previously accepted, will automatically become incapable of acceptance; and;~~
- ~~(c) any contract resulting from an acceptance of this Offer before the withdrawal will automatically become void; and~~
- ~~(d) Olympus will, as soon as possible after the meeting of Galilee's Shareholders, return all documents sent to it with the acceptance of the Offer.~~

#### **1.9. When will I be paid my Offer Consideration?**

Olympus will provide or procure the provision of the Offer Consideration for all Offers that are accepted and not lawfully rescinded on or before the earlier of:

- (a) the date 1 month after the date you validly accept this Offer; and
- (b) the date 21 days after the Offer closes.

#### **1.10. What happens if I do not accept?**

Unless you otherwise dispose of your Galilee Shares, you will remain a Galilee Shareholder. You should consider the potential risks of remaining a Shareholder in Galilee as discussed in Section 6.

#### **1.11. What are the tax consequences of the Offer?**

Our understanding of the major tax implications for Galilee Shareholders resident for tax purposes in Australia are summarised in Section 7.

Your personal financial and other circumstances will influence your taxation position. You should read Section 7.8 carefully and seek professional taxation advice if necessary.

#### **1.12. Questions**

If you have any enquiries about the Offer or its terms, you may submit your query in writing to Gabriel Radzyminski, an Olympus Director, by fax on 02 8084 9918 or by email to Galilee@mercinv.com.au or consult your financial or other professional adviser.

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## 2. About Olympus

### 2.1. Corporate

Olympus is a wholly owned subsidiary of Mercantile. Mercantile is an ASX listed investment company trading under ASX code MVT.

The Olympus Directors are Sir Ron Brierley, Mr James Chirnside and Mr Gabriel Radzynski.

Olympus was established to hold an Australian financial services licence and to provide financial services in connection with the business previously conducted by Mercantile. At the request of Olympus, ASIC cancelled the Australian financial services licence on 9 March 2012. Olympus carries on no substantive business operations and has no material assets or liabilities. Olympus has been retained as a wholly owned subsidiary of Mercantile to undertake investments from time to time.

### 2.2. Directors of Mercantile

The Mercantile Directors are:

- Sir Ron Brierley – Chairman;
- Mr James Chirnside – non-executive director;
- Mr Ron Langley – non-executive director;
- Mr Gabriel Radzynski – non-executive director; and
- Dr Gary Weiss – non-executive director.

### 2.3. Public Announcements by Mercantile

Mercantile is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Mercantile to:

- (a) prepare and lodge with the ASX both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning Mercantile of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Mercantile, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at the ASIC in relation to Mercantile may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to Mercantile may be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

### 2.4. Benefits for Galilee Shareholders

The key benefit for Galilee Shareholders accepting the Offer is that they will be able to realise 15 cents per Galilee Share for up to 50% of their Galilee Shareholding in cash, while still have the ability to retain at least 50% of their Galilee Shareholding.

Olympus has made a public and transparent attempt to seek to either gain control of Galilee or at least ownership of a substantial minority position, with a view to influencing the direction of the Galilee for the benefit of all Galilee Shareholders.

If Olympus can acquire a sufficient number of Galilee Shares, it intends to undertake a strategic review to assess the viability of the following:

- substantially reducing Galilee’s present running costs (which Olympus considers excessive);
- immediately ceasing further expenditure on ATP 799P;
- in respect of ATP529P ([AGL-Glenaras](#) Project), making a precise assessment of the remaining costs required to March 2014 to establish a realisable value or a write-off, as the case may be;
- convening an extraordinary general meeting to approve the return of remaining cash funds to Galilee Shareholders, and
- if value can be obtained for the [AGL-Glenaras](#) Project, returning further funds to Galilee Shareholders.

If, following that review, the proposed steps outlined above are viable, Olympus will seek to implement these steps either directly or through its nominees to the Galilee Board. See Section 4 for details.

The Offer by Olympus to acquire up to 50% of each Galilee Shareholding allows all Galilee Shareholders to continue to maintain some exposure to the future prospects of Galilee.

Galilee’s annual report for the financial year ended 30 June 2013 described the principal activities of Galilee as:

*“...exploration and development of coal seam gas in the Galilee Basin near Longreach in Queensland. The Company also continued to seek growth and expansion through the acquisition of hydrocarbon projects.”*

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Olympus understands that the current business activities of Galilee are consistent with the principal activities statement included in the Galilee annual report.

Olympus considers however that projects undertaken to date have been “speculative” in that exploration activities have yielded no tangible benefits for Galilee Shareholders. This is illustrated by the following statement included in the managing director’s presentation at the Galilee AGM released to ASX on 28 November 2013:

*“The Board strongly believes the company needs to diversify into new plays and assets to reduce its overall risk profile”.*

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Olympus believes that the term “play” reflects the Galilee Board’s perception of its investment of funds as speculative.

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Olympus is aware that the Malt nominees to the Galilee Board of directors of Malt wishes Galilee to embark on speculative new exploration ventures. Olympus does not consider this a prudent course of action. Olympus notes that Galilee Shareholders have not been provided with details of any such proposed ventures by Malt.

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### 3. Galilee

#### 3.1. Disclaimer

The following description of Galilee and the financial information concerning Galilee contained in this Section 3 have been prepared by Olympus using publicly available information. Information in this document concerning Galilee's business has not been independently verified and Olympus has not conducted any due diligence on Galilee's business. To the extent permitted by law, Olympus does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about Galilee's business used by Olympus are as follows:

- Galilee's annual and half-year financial reports; and
- Galilee's ASX announcements.

#### 3.2. Overview of Galilee and its principal business authorities

Galilee is an ASX-listed company whose stated principal activities are the exploration and development of hydrocarbons and coal seam gas on the Galilee Basin near Longreach in Queensland. According to the Galilee's annual report for, Galilee also continued to pursue growth and expansion through the acquisition of hydrocarbon projects.

#### 3.3. Business strategies and prospects

Galilee's current strategy is focused on developing the Galilee Gas Project into a commercial gas field. Galilee also states that it seeks to continue to pursue growth through hydrocarbon development opportunities.

#### 3.4. Directors

As at the date of this Bidder's Statement, there are 3 Galilee Directors, being:

- David King (chairman);
- Paul Bilston (executive director); and
- Peter Lansom.

On 2 December 2013 Galilee announced the appointment of Mr Ray Shorrocks as an independent non-executive director. Up to his appointment by the Galilee Board, all three directors of Galilee had been nominated by Malt.

Notwithstanding that the appointment of the Malt nominees was approved by shareholders at a general meeting of Galilee Shareholders on 24 September 2013, Olympus considers it inappropriate for a shareholder that holds only 16.12% of the issued capital of Galilee to nominate all directors to the Galilee Board. This is particularly relevant in circumstances where the price paid by Malt to acquire its investment in Galilee does not include a premium that would have been applicable had Malt sought to acquire a controlling interest in Galilee. Based on the initial substantial shareholder notice provided by Malt for release to ASX on 27 June 2013, Malt acquired a 16.12% stake in Galilee for 12 cents per Galilee Share. Generally, a person who acquires a stake in a listed company that is sufficient to allow it to secure the appointment of all directors to the board of a listed company must pay a premium to reflect the greater influence that may be exerted as a result of that appointment.

Three of the current four Galilee Directors were nominated to the board by Malt. Of these directors, two are also directors of Malt. Notwithstanding this, Malt's 16.12% shareholding in Galilee would generally not be considered sufficient to constitute control of a listed company.

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### 3.5. Major Shareholders

In its 2013 Annual Report, Galilee reports the following Galilee Shareholders as having lodged substantial shareholder notices with Galilee:

Name	Number of Galilee Shares	Voting Power
Malt Energy Pty Ltd	24,532,647	16.12%
Ecarlate Pty Ltd	18,342,608	12.06%
Ekco Investments Pty Ltd	8,881,011	5.84%
AMP Life Limited	8,419,967	5.53%

### 3.6. Overview of Galilee's historical financial performance

A summary of the historical consolidated financial performance of Galilee since 2011 is set out below:

A\$'000 <sub>1</sub>	Full year to 30 June 2013 <sub>2</sub>	Full year to 30 June 2012 <sub>3</sub>	Full year to 30 June 2011 <sub>4</sub>
Income	1,593	2,237	1,022
Exploration and evaluation expenses	(7,794)	(6,233)	(2,264)
Administration expenses	(1,774)	(2,265)	(3,328)
Loss before income tax from continuing operations	(7,975)	(6,261)	(4,570)
Profit from discontinued operations			25,864
Net assets	28,402	34,862	41,100
Economically recoverable resources identified	Nil	Nil	Nil

**Notes:**

- The above amounts have been rounded to the nearest \$1,000.
- The information in this column has been drawn from the Galilee Financial Report for the financial year ended 30 June 2013 as released to the market through ASX on 31 October 2013.
- The information in this column has been drawn from the Galilee Financial Report for the financial year ended 30 June 2012 as released to the market through ASX on 19 October 2012.
- The information in this column has been drawn from the Galilee Financial Report for the financial year ended 30 June 2011 as released to the market through ASX on 24 October 2011.

### 3.7. ASX Announcements and ASIC disclosure

Between 31 October 2013, the date of release of the Galilee annual report for the financial year ended 30 June 2013 and the date of this Bidder's Statement, Galilee has issued the following ASX announcements:

Announcement	Date
<a href="#">00953921-01009953921-010</a>	

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<a href="#">Change of Director's Interest Notice</a>	<a href="#">9 December 2013</a>
<a href="#">Change of Director's Interest Notice</a>	<a href="#">9 December 2013</a>
<a href="#">Ceasing to be a substantial holder</a>	<a href="#">9 December 2013</a>
<a href="#">Initial Director's Interest Notice</a>	<a href="#">2 December 2013</a>
<a href="#">Non-executive director appointed</a>	<a href="#">2 December 2013</a>
<a href="#">MVT: Supplementary Bidder's Statement re takeover offer</a>	<a href="#">29 November 2013</a>
<a href="#">Notice of initial substantial holder from MVT</a>	<a href="#">29 November 2013</a>
<a href="#">Results of Meeting</a>	<a href="#">28 November 2013</a>
<a href="#">MD presentation to the AGM</a>	<a href="#">28 November 2013</a>
<a href="#">Receipt of Bidder's Statement</a>	<a href="#">26 November 2013</a>
<a href="#">MVT: Bidder's Statement re proportional takeover offer</a>	<a href="#">25 November 2013</a>
Letter to Shareholders	19 November 2013
AGM - Change of Venue	7 November 2013
Quarterly activity report and Appendix <a href="#">35B</a>	31 October 2013

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## 4. Olympus's Intentions

### 4.1. General

This Section 4 sets out Olympus's intention in relation to the:

- (a) continuation of the business of Galilee;
- (b) any major changes to be made to the business of Galilee, including any redeployment of the fixed assets of Galilee; and
- (c) the future role of the Board and Galilee's management.

Olympus's intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Olympus has reviewed information in the public domain concerning Galilee, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of Galilee's operations, Olympus's intentions in relation to Galilee are summarised below. Statements set out in this Section 4 are statements of current intentions only, which may change as new information becomes available or circumstances change.

### 4.2. Strategic review

As Olympus does not currently have access to all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. If Olympus becomes entitled to a Galilee Shareholding sufficient to result in the appointment of Galilee Directors representing a majority of the Board, Olympus's nominees will look to conduct a review of the strategy, operations, activities and assets of Galilee in light of the information which then becomes available to it (**Review**).

The Review will:

- explore, amongst other things, where cost savings can be obtained, so that Galilee's costs are at a level consistent with that of a non-operating joint venture partner in the [AGL-Glenaras Project](#);
- confirm that Galilee may immediately cease any further expenditure on ATP 799P (a tenement which is wholly owned and operated by Galilee) and any other exploration expenses or commitments to acquire any other hydrocarbon or resource development opportunities and, if this commercially feasible, develop the process to achieve this objective;
- seek to make a precise assessment of the remaining costs required to establish a realisable value for the [AGL-Glenaras Project](#), or for a write-off of that project. (If any value can be established for the [AGL-Glenaras Project](#), the Review will seek to identify means by which this value can be translated to cash);
- seek to determine the means by which, subject to Galilee Shareholder approval, capital can be returned to all Galilee Shareholders as equitably and as efficiently as possible.

To the extent that the financial, operational and legal circumstances of Galilee allows, Olympus will seek to undertake the actions the subject of the Review. However, final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section 4.2 are statements of current intention only which may change as new information becomes available or circumstances change.

If Olympus does not achieve a Relevant Interest in Galilee of 50.1%, Olympus will endeavour to encourage the Galilee Board to undertake the Review and, to the extent that the financial, operating and legal circumstances of Galilee allows, to undertake the above actions. To the extent that any

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Olympus nominees are appointed to the Galilee Board, it will also seek implement the above through those nominees.

The ability of Olympus to achieve any of the above will depend on the extent to which acquires a material stake in Galilee. The ability of Olympus to procure that the Review is undertaken will depend, among other things, on it securing the support of the Galilee Board (as presently configured or following appointment of any Olympus nominee) to undertake that review.

As indicated in Section 4.6, Olympus does not presently intend to requisition a general meeting of Galilee Shareholders to change the Galilee Board but may do so if positive and constructive engagement with the Galilee Board for board representation is not achieved.

Galilee Shareholders are reminded that as the Offer extends only to up to 50% of all Galilee Shares on issue. Consequently its ability to acquire Voting Power of 50.1% or more in Galilee will depend on the level of acceptance of the Offer and the extent to which it may acquire Galilee Shares on-market or otherwise as permitted by the Corporations Act.

#### **4.3. Olympus's intentions upon holding at least 50.1% of Galilee Shares**

This Section sets out Olympus's intentions if it were to gain effective control of Galilee.

In the event that Olympus achieves a Relevant Interest in Galilee of at least 50.1% Olympus's current intentions are as set out below.

- Olympus intends to undertake the Review.
- Olympus would also seek to nominate a majority of the Galilee Directors.
- Olympus may seek to acquire further Galilee Shares as permitted by the Corporations Act.

#### **4.4. Olympus's intentions upon holding less than 50.1% of Galilee Shares**

If Olympus does not achieve a Relevant Interest in Galilee of 50.1%, Olympus will endeavour, to the extent possible through its non-controlling holding of Galilee Shares, to give effect to the intentions set out in Section 4.6. However, Olympus considers that its ability to effect potential cost savings referred to in Section 4.4 will be significantly limited if Olympus is unable to achieve a Relevant Interest in Galilee of at least 50.1%.

#### **4.5. Olympus's intentions – capital return**

As indicated in Section 4.2, one of the proposed actions to be the subject of the proposed Olympus Review is to determine the means by which capital can be returned to Galilee Shareholders as equitably and as efficiently as possible.

In correspondence between 29 November 2013 and the date of this Bidder's Statement, the Galilee Board has requested further information be provided to Galilee Shareholders regarding the following:

- (a) the circumstances in which and type of capital distribution that Olympus would currently support Galilee making;
- (b) whether, if a share buyback offer was implemented by Galilee at 15 cents per Galilee Share, Olympus's current intention would be to participate in that buyback offer; and
- (c) the circumstances and type of capital distribution that Olympus would currently intend to participate in.

Olympus is clearly not in a position to provide any of the information requested by the Galilee Board.

Olympus is not presently in a position to express any view on the quantum, form or structure of any capital distribution. It will depend, among other things, on the value of Galilee's interests in projects.

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the cash available to undertake that distribution, the taxation implications of undertaking such a distribution and the quantum and terms of that distribution. Nor is it in a position to speculate on possible outcomes or its participation in such a return. At the Galilee AGM, the Galilee Board acknowledged that it was undertaking a strategic review of the Glenaras Pilot Project and the overall exploration potential of that project. The managing director's presentation at the Galilee AGM stated that potential reserves bookings for this project are unlikely before the first quarter of 2014. The value ultimately determined for that project and the extent to which that value can be realised for the benefit of Galilee Shareholders will be critical in any assessment of any capital distribution.

Olympus recognises the importance of ensuring that any distribution is undertaken as equitably and as efficiently as possible. A distribution of capital might be made on an equal basis such that all Galilee Shareholders participate pro rata in that distribution. Alternatively, a capital distribution might be implemented in a manner which provides Galilee Shareholders the opportunity to exit their investment of the company at a price that is fair both to exiting shareholders and remaining shareholders. Which of these, or other alternatives may be implemented (if any) will depend on the circumstances at that time.

#### **4.5.4.6. Intentions generally**

Except for the changes and intentions set out in this Section 4, Olympus intends, based on the information presently known to it:

- to continue the business of Galilee;
- not to make any major changes to the business of Galilee or the deployment of Galilee's assets; and
- to continue the employment of Galilee's employees.

Dr King and Messrs Lansom and Bilston of the current board of Galilee were elected by shareholders at the Galilee general meeting held on 24 September 2013. However, these directors are not necessarily reflective of the shareholder base of Galilee as they were all nominated by Malt.

If Olympus succeeds in acquiring a substantive shareholding in Galilee, it intends to approach the board of Galilee to seek to have one or more nominees of Olympus appointed to the Galilee Board. Olympus considers an appropriately constituted board should be not only have independent directors but also representatives of major shareholders and would expect the current Galilee Board to acknowledge this and accede to an Olympus request.

Whether Olympus will request the appointment of one or more nominees to the board of Galilee will depend, among other things, on the extent to which Olympus acquires Galilee Shares. As a result, Olympus has not determined the identity of any nominee of Olympus to the board of Galilee. Similarly, the experience and expertise of any Olympus nominee will depend on the needs of Galilee at that time.

On the basis that the Galilee Board will engage with Olympus in good faith and will seek to ensure the board appropriately reflects the shareholding base of the company, Olympus does not presently anticipate requisitioning a meeting of members to consider resolutions to reconfigure the board. However, in the event that the Galilee Board does not engage with Olympus on these issues in an open and constructive manner, Olympus may determine to requisition a meeting to reconfigure the board.

Olympus has no current intention to requisition a general meeting of Galilee Shareholders to put forward any particular resolutions at the next general meeting of the Galilee Shareholders.

However if, as a result of the Offer, Olympus were to hold 50.1% or more of Galilee Shares it would have the Voting Power to determine whether an ordinary resolution considered at a general meeting of Galilee Shareholders is approved. Such resolutions could include, amongst other things, changes to the Board and operational matters.

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Galilee Shareholders are reminded that as the Offer extends only to up to 50% of all Galilee Shares on issue. Consequently its ability to acquire Voting Power of 50.1% or more in Galilee will depend on the level of acceptance of the Offer and the extent to which it may acquire Galilee Shares on-market or otherwise as permitted by the Corporations Act.

#### **4.6.4.7. Limitations on intentions**

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- (a) the law (including the Corporations Act) including in particular the requirements of the Corporations Act in relation to conflicts of interest and “related party” transactions;
- (b) the legal obligation of the Galilee Directors at the time to act in good faith and the best interests of Galilee and for proper purposes and to have regard to the interest of all Galilee Shareholders; and
- (c) the outcome of the Review.

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## 5. Sources of Offer Consideration

### 5.1. Consideration under the Offer

The total amount that Olympus would be required to pay for Galilee Shares if Olympus acquires 50% of all the Galilee Shares on issue on the date of this Bidder's Statement in which it does not have a Relevant Interest is \$11,410,535.

### 5.2. Sources of Olympus Funds

Olympus has received a binding letter of commitment ([Commitment Letter](#)) from its ultimate parent, Mercantile, pursuant to which Mercantile has committed to loan Olympus the funds necessary to pay for [all Offer Consideration and](#) all transaction costs associated with the Offer. [This commitment is uncapped. Olympus estimates that the total transaction costs associated with the Offer \(other than the Offer Consideration referred to in Section 5.1\) will not exceed \\$100,000.](#) This loan must be repaid by Olympus 1 year after the closing date of the Offer. Interest on this loan will accrue at the applicable Reserve Bank of Australia Cash rate. [In the view of Olympus, this period will be sufficient to enable it to arrange refinancing with its listed parent Mercantile or other means to effect repayment if the loan has not been repaid by that date.](#)

~~Olympus has received a binding letter of commitment from Sir Ron Brierley, pursuant to which Sir Ron Brierley has committed to loan Olympus, on an unsecured basis, the funds necessary to pay the Offer Consideration. Sir Ron Brierley is presently the chairman of Mercantile and a director of Olympus and has access to sufficient funds to meet all obligations to advance funds to Olympus under this loan.~~

~~This loan must be repaid by Olympus 1 year after the closing date of the Offer. Interest on this loan will accrue at the Reserve Bank of Australia cash rate.~~

~~Together, these two commitment letters are referred to as the **Commitment Letters**.~~

Funds made available to Olympus under the Commitment Letters:

- are immediately available and are not subject to any conditions or limitations to drawdown; and
- are sufficient to fund the maximum available amount of consideration payable under the Offer and all associated transaction costs.

The Offer is not subject to a financing condition.

### 5.3. Financial position of Olympus and Mercantile

[As at the date of this bidder's statement, Olympus has no substantive assets with cash at bank of \\$5,492.19.](#)

[Mercantile is an investment company listed on the ASX. As at 30 June 2013, based on the consolidated audited financial statements of Mercantile, Mercantile had total assets of \\$30,153,697 and net assets of \\$26,287,483.](#)

[As an ASX listed investment entity, Mercantile must announce the net tangible asset backing of its quoted securities as at the end of each month. As at 31 October 2013, the end of the last month prior to the date of the bidder's statement, the net tangible asset backing per Mercantile share \(after all fees and expenses\) on a post tax basis was 13.5 cents per share. This represented total net tangible assets of Mercantile as at that date of \\$33,827,989.](#)

[As at the date of this Bidder's Statement Mercantile had cash at bank of \\$699,004.87. The cash position of Mercantile varies from day to day depending on dividends received and trading in securities. That said, it is not anticipated that there will be a material difference between the cash position of Mercantile from the date of this Bidder's Statement and the date of dispatch of Bidder's Statement and Offers to Galilee Shareholders.](#)

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[Mercantile has access to a number of funding sources to meet its obligations under the Commitment Letter. This includes the ability obtain an unsecured loan from Sir Ron Brierley, a director of Olympus and Chairman of Mercantile. Mercantile also has the ability to realise some of its investments in ASX listed securities. The portfolio of investments of Mercantile as at 30 June 2013 included investments in ASX listed entities with a total value as at that date of \\$27,234,200. The Mercantile annual report for the financial year ended 30 June 2013 can be accessed online from ASX at \[www.asx.com.au\]\(http://www.asx.com.au\).](#)

## 6. Risk Factors

### 6.1. Risk factors associated selling Galilee Shares

Galilee Shareholders who accept the Offer will receive cash as their Offer Consideration. Those who accept the Offer will no longer be exposed to the risks associated with successfully realising Galilee's investments.

### 6.2. Risks relating to the Offer

The following risk factors may arise as a result of the Offer and the acquisition of Galilee Shares by Olympus.

#### *Less than 50% ownership*

It is possible that Olympus will acquire relevant interests in less than 50% in the Galilee Shares as a result of the Offer. The impact on Olympus of acquiring Relevant Interests in less than 50% of the Galilee Shares will depend on the ultimate level of ownership achieved. In this regard Sections 4.3 – 4.4 show how Olympus's intentions will differ slightly depending on the level of ownership achieved by Olympus.

#### *Galilee information*

In preparing the information on Galilee included in this Bidder's Statement, Olympus has relied only on publicly available information. Olympus has not otherwise had direct access to Galilee or its independent accountant. In addition, it is possible that additional risks may exist in relation to Galilee's businesses which are unknown to Olympus.

#### *Minority Galilee Shareholders in Galilee*

If you do not accept the Offer you may, depending on the level of acceptance of the Offer, become part of a minority in Galilee. In such a case, the liquidity of Galilee Shares may be diminished.

As a minority investor, you may be exposed to the risks that Galilee pursues risky, and potentially loss-making, endeavours. Olympus has clearly and unambiguously stated its intentions with regard to Galilee, and considers these intentions to be more conservative and prudent given the history of Galilee.

~~The Board is comprised solely of directors nominated by 16% Galilee Shareholder, Malt, and has had the effect of handing control of Galilee to those Galilee Directors nominated by Malt, with no control premium having been paid to Galilee Shareholders.~~

#### *Taxation Risks*

Tax liabilities are the responsibility of each individual investor, and Olympus is not responsible either for taxation or penalties incurred by Galilee Shareholders. Galilee Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment.

#### *Taxation Considerations*

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 87. However, this summary is general in nature and, as the circumstances for each Galilee Shareholder may vary. Galilee Shareholders should seek professional taxation advice in relation to their own position.

This list is not exhaustive and Galilee Shareholders should read this Bidder's Statement in full. If Galilee Shareholders require further information on these risks, they should seek professional advice.

Ability to exercise effective control

Olympus may acquire the ability to effectively control all decisions regarding Galilee's future operations. This will be dependent upon the level of acceptances of the Offer and any other Galilee Shares that may be acquired by Olympus on-market or otherwise in accordance with the Corporations Act.

Potential impact on subsequent bids

Olympus's shareholding may become of such a size that a third party would not be able to successfully make a takeover bid for Galilee without the support of Olympus, meaning that it may be less likely that Galilee's Share price will reflect a control premium in the future.

Potential reduced liquidity

The liquidity of Galilee Shares may be lower than they are at present if Galilee Shareholders accept the Offer.

**6.3. Specific Risks relating to retaining Galilee Shares**

Irrespective of the outcome of the Offer, Galilee Shareholders will retain exposure to the risks associated with Galilee's business.

The business activities of Galilee are subject to risks. Some of the specific risks can be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of Galilee and the Galilee Directors and cannot be mitigated. The occurrence of any of the risk factors set out in this Section 6 may have an adverse impact on the financial performance of Galilee and the value of Galilee Shares.

Investors should appreciate that owning Galilee Shares involves various risks which can be broadly categorised into general investment risks and specific business risks.

An outline of some of the specific business risks facing Galilee are as set out below:

*Exploration, Development, Mining and Processing Risks*

The business of mineral exploration, project development and mining and processing by its nature contains elements of inherent risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- the metallurgical characteristics of mineral deposits being explored and developed by Galilee may be such as to prevent commercial exploitation;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

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### *Government regulation*

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Galilee.

Changes to government regulations, policy and royalty regimes may have an adverse impact upon the development options available to Galilee at its projects.

### *Native Title and Aboriginal Heritage*

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land and water where those rights have not been extinguished. These rights, where they exist, may impact on the ability of Galilee to carry out exploration or obtain mining tenements. In applying for certain mining tenements, Galilee must observe the provisions of the native title legislation (where applicable) and Aboriginal heritage legislation which protects Aboriginal sites.

### *Operating Risks*

The current and future operations of Galilee, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns, flood and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and
- production activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- occupational health and safety in a potentially dangerous workplace;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations; shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- inability to obtain consents or approvals.

### *Commodity Prices*

Commodity prices fluctuate and are affected by numerous factors beyond the control of Galilee. These factors include world-wide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors

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may have a positive or negative effect on Galilee's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

#### **6.4. General Risks relating to retaining Galilee Shares**

Galilee Shareholders should be aware that retaining Galilee Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of Galilee. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock market as a whole, and the Australian interest rates, foreign exchange, taxation and labour relations environments.

These are risks of investment which are considered beyond the control of Galilee.

##### *Possible Volatility of Galilee Share Price*

The stock market has from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies. The market price of Galilee Shares may be volatile and may go down as well as up. Factors that may have a significant impact on the market price and marketability of Galilee Shares include announcements as to government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, as well as fluctuations in Galilee's operating results.

##### *Regulation and Publicity*

Changes to the regulatory environment for the mining industry and/or any publicity may have an impact on Galilee which may materially affect an investment.

##### *Macro Economic Risks*

The general state of the Australian and international economies as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the financial performance of Galilee, and may affect the value of Galilee Shares.

##### *Regulatory Changes*

Changes to the regulatory environment, including the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on a Galilee Shareholder's investment in Galilee Shares or otherwise have a material adverse effect on Galilee's business and financial position.

#### **6.5. Note on Risk Factors**

The above list of general and specific risk factors should not be taken as exhaustive of the risks faced by Galilee or by Galilee Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Galilee and the value of the Galilee Shares.

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## 7. Taxation Implications

### 7.1. Introduction

The following is a broad outline of the principal Australian income tax consequences for Australian resident individual and company Galilee Shareholders associated with acceptance of the Offer. This outline is not exhaustive of all possible income tax considerations that could apply to particular Galilee Shareholders. There are a number of limitations to the outline including that:

- (a) it applies only to Australian resident individual and company taxpayers. It does not cover the tax treatment for any other classes of taxpayers including individuals who are non-residents of Australia for tax purposes, insurance organisations, superannuation funds, trusts or employees of Galilee who acquired their Galilee Shares in respect of their employment;
- (b) it applies only where Galilee Shareholders hold their Galilee Shares on capital account. It does not apply where the Galilee Shares are held on revenue account (e.g. Shares held by Galilee Shareholders who trade in Securities or hold Galilee Share as trading stock); and
- (c) it is based on Australian tax law in effect at the date of this Bidder's Statement. It does not consider or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

Olympus and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves. All Galilee Shareholders, and particularly those Galilee Shareholders whose situation is not addressed in this outline as noted above, should consult their own independent professional tax advisers regarding the tax consequences of disposing of Galilee Shares.

### 7.2. Acceptance of the Offer and disposal of Galilee Shares

The disposal of Galilee Shares by an Galilee Shareholder pursuant to the Offer constitutes a Capital Gains Tax (CGT) event for Australian income tax purposes.

Galilee Shareholders may realise a capital gain or a capital loss in respect of the disposal of their Galilee Shares.

In certain circumstances, Galilee Shareholders may be eligible to apply the CGT discount to reduce their assessable capital gain (the eligibility requirements for the CGT discount are discussed in the following paragraphs). The relevant rate of the CGT discount is 50% for individuals, and 33 1/3% for complying superannuation funds.

Any capital gain realised in respect of the disposal of the Galilee Shares should be included in the Galilee Shareholder's assessable income in the tax year in which the Offer is accepted (unless the resulting capital gains are completely offset against other capital losses of the Galilee Shareholder). Capital losses may be applied against any other capital gains derived by the Galilee Shareholder in the same year. Any unapplied capital losses may be carried forward to be applied against future capital gains.

The availability of indexation or a CGT discount in calculating the amount of the capital gains included in assessable income depends on the date of acquisition of the Galilee Shares whether the Shareholders are companies or individuals and the choice made by these Galilee Shareholders.

If Galilee Shares are held by an individual and:

- they were acquired after 11.45am on 21 September 1999; and
- have been held for more than 12 months before the date on which the Galilee Shareholder accepted the Offer,

then the CGT discount referred to above should generally be available.

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There is no entitlement to indexation of the cost base for the Galilee Shareholder in these circumstances.

It should be noted that the CGT discount is not available where Galilee Shares are held by a company.

**All Galilee Shareholders should obtain their own independent professional taxation advice.**

## 8. Information on Galilee Securities

### 8.1. Galilee Capital Structure

As at the date of this Bidder's Statement, there are 152,140,466 Galilee Shares on issue.

There are also 5,000,000 performance rights on issue. The Offer does not extend to these performance rights.

### 8.2. Galilee Share Trading

Over the 12 months to ~~22 November~~9 December 2013, the last trading day before the date of this Bidder's Statement, Galilee Shares have traded in the range of 16.5 cents (16 September 2013) to ~~109 cents~~ (31 May~~21 October~~ 2013). The average daily volume of Galilee Shares traded in this period was ~~14.46 cents~~62,051 shares.

Set out below is the highest price, lowest price and volume weighted average price at which Galilee Shares have traded over the periods specified below.

Period	Highest Price	Lowest Price	VWAP
3 months to the Announcement Date	16. <u>5</u> cents	13 cents	14.46 cents
1 month to the Announcement Date	15 cents	13 cents	14.07 cents
5 trading days to the Announcement Date	14 cents	13 cents	13.01 cents

### 8.3. ~~Mercantile's~~Interests of Mercantile and Olympus in Galilee

As at the date of this Bidder's Statement, ~~Mercantile has~~Olympus and its Associates have a Relevant Interest in 3,525,400 Galilee Shares.

These Galilee Shares comprise:

- 3,500,000 Galilee Shares the subject of an option granted by Siblow Pty Limited to Mercantile. See Section 8.7 for details;
- 25,400 Galilee Shares acquired by Mercantile on-market at a purchase price of 13 cents in the period 18 October – 15 November 2013. See Section 8.5 for details.

All Galilee Shares are registered in the name of McNeil Nominees Pty Limited, a nominee company associated with a stock broking firm engaged by Mercantile and Siblow Pty Limited.

The Voting Power of a person in a listed company comprises the aggregate of the Relevant Interest that a person has in that company and the Relevant Interest that its Associates has in that company. Mercantile, as the ultimate holding company of Olympus, controls Olympus and so is considered an Associate of Olympus for the purposes of the Corporations Act. Accordingly, As at the date of this Bidder's Statement, Olympus hasd Voting Power in Galilee of 2.32%.

### 8.4. No Collateral benefits

Except as set out below, neither Olympus nor any Associate of the Olympus has, during the period of 4 months ending on the day immediately before the date of this Bidder's Statement, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

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- (a) accept the Offer; or
- (b) dispose of Galilee Shares,

which benefit was not offered to all Galilee Shareholders under the Offer.

#### 8.5. Consideration provided for Galilee Shares in the previous 4 months

Set out below are details of all consideration for Galilee Shares provided by Olympus or its Associates under a purchase or agreement during the 4 months before the date of this Bidder's Statement:

Date	Provider of consideration	Number acquired	Consideration paid per Galilee Share
15 November 2013	Mercantile	12,000	13 cents
21 October 2013	Mercantile	2,000	13 cents
18 October 2013	Mercantile	11,400	13 cents

#### 8.6. No escalation agreements

Neither the Olympus nor any Associate of the Olympus has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

#### 8.7. Galilee Shares

Except as disclosed below, in the 4 months prior to the date of this Bidder's Statement, there have been no dealings in Galilee Shares by Olympus's Directors or their related entities:

On 19 November 2013 Siblow Pty Limited, an entity associated with Sir Ron Brierley, a director of Olympus, granted an option to Mercantile to acquire 3,500,000 Galilee Shares in which Siblow Pty Limited has a relevant interest. The option may be exercised at any time up to 30 June 2014. The exercise price for the option is 12 cents per Galilee Share.

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## 9. Additional Information

### 9.1. No Defeating Condition and the Shareholder Approval Requirement

This Offer is not subject to any defeating conditions. There is no minimum acceptance condition to the Offer.

The Corporations Act permits a company to include in its constitution a provision requiring shareholder approval to be obtained to permit a proportional takeover offer to proceed. Rule 36 of the constitution of Galilee contained such a provision. Constitutional provisions of this nature must be renewed every 3 years. Rule 36 of the Galilee constitution expired on 22 November 2013. On 28 November 2013, Galilee announced that the resolution to approve the reintroduction of Rule 36 into the Galilee constitution was passed.

Based on statements in the explanatory memorandum and accompanying the notice of meeting for the Galilee AGM, Olympus noted in the Original Bidder's Statement that the re-introduced Rule 36 may not apply in circumstances where the Original Bidder's Statement is served on Galilee before the Galilee AGM.

Olympus acknowledges that Rule 36 of the Galilee constitution applies to the Offer. Accordingly,

~~On 21 October 2013 Mercantile announced the intention that it or its nominee would undertake this bid. Notwithstanding this, the Galilee board determined to seek Galilee Shareholder approval to re-insert Rule 36 into the Galilee at the annual general meeting convened for 28 November 2013. The re-introduction of this Rule, if effective, would impose a shareholder approval condition on the Offer when it was clear from the Mercantile announcement that the Offer would be made without conditions.~~

~~In the explanatory memorandum accompanying the notice of the upcoming annual general meeting, your Board has stated that if Mercantile serves its offer on Galilee after approval of the proportional takeover provisions in the Galilee constitution, Rule 36 as renewed would apply to this Offer. This Bidder's Statement will be served on Galilee while there is no current proportional takeover provision in the Galilee constitution. Olympus has done this to enable Galilee Shareholders to consider the Offer in the form initially proposed and announced — an Offer free of conditions.~~

~~Your Board may assert that Rule 36, if re-introduced at the Galilee AGM, will impose a Galilee Shareholder approval requirement for the Offer. If Rule 36 applies to this Offer, the Offer will not proceed unless Galilee Shareholders approve the Offer by ordinary resolution at a subsequent Galilee Shareholder meeting or they fail to consider such a resolution to approve the Offer by the date 14 days before the end of the Offer Period.~~

~~Galilee Shareholders have an opportunity to remove any doubt on this issue and to send a clear message to the Galilee Board — that you want the opportunity to accept this Offer as announced over a month ago. To do so, you should vote against the special resolution to re-insert Rule 36. If Rule 36 were to apply to the Offer and Galilee Shareholders did not approve the Offer, if Galilee Shareholders vote on a resolution to approve the Offer by the date 14 days before the end of the Offer Period and do not pass that resolution, under Rule 36 and the Corporations Act:~~

- (a) Olympus will withdraw the Offer; and
- (b) the Offer, if not previously accepted, will automatically become incapable of acceptance; and;
- (c) any contract resulting from an acceptance of this Offer before the withdrawal will automatically become void; and
- (d) Olympus will, as soon as possible after the meeting of Galilee's Shareholders, return all documents sent to it with the acceptance of the Offer.

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## 9.2. Unmarketable Parcels

If the effect of accepting this Offer leaves you with a shareholding in Galilee that would be less than a Marketable Parcel, the Offer will be deemed to have been made in respect of (and you will receive consideration for) all of your Galilee Shares. For these purposes, a **Marketable Parcel** is a parcel of Galilee Shares with a value of less than \$500. This will be calculated on the basis of the last price at which Galilee Shares have traded on a "cum-Offer" basis on the trading day immediately prior to the date of acceptance of the Offer by the Galilee Shareholder.

By way of example, if a Galilee Shareholder had 6,500 Galilee Shares and the last price at which Galilee Shares traded on ASX on the trading day prior to acceptance of this Offer was 15 cents, that Shareholder could accept the Offer in respect of all 6,500 Shares. If the Galilee Shareholder had accepted the Offer in respect of one half of the Galilee Shareholding, the residual shareholding in Galilee would have a value of \$487.50, below the \$500 threshold for retaining a Marketable Parcel.

However, if Olympus is of the opinion that any Galilee Shareholder has attempted to split or otherwise manipulate their shareholding in Galilee in order to benefit from this provision, Olympus may give notice to that Galilee Shareholder (and other persons whom Olympus deems to have participated in the split or manipulation) to the effect that, for the purposes of this Offer:

- (a) that Galilee Shareholder shall be deemed to hold all Galilee Shares registered in its name and the names of all other persons set out in that notice (**Specified Persons**);
- (b) each Specified Person shall be deemed as holding no Galilee Shares; and
- (c) any acceptance of the Offer made by that Galilee Shareholder or any Specified Person shall be deemed as an acceptance of this Offer in respect of one out of every two of the total number of Galilee Shares registered in the name of that Galilee Shareholder and the Specified Persons.

## 9.3. Date for determining holders of Galilee Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is 25 November 2013.

## 9.4. ASIC modifications and exemptions

ASIC has published various other class order instruments providing for modifications and exemptions that apply generally.

Olympus has relied, under Class Order 13/521 "Takeover bids" by ASIC, on the modifications to:

- (a) Section 618(2) of the Corporations Act, by paragraph 4(b) of the Class Order. This paragraph is concerned with preventing artificial share splitting in proportional bids including situations where trustees and nominees are involved. It is also concerned with removing uncertainty related to the meaning of "marketable parcel"; and
- (b) Section 624(2) of the Corporations Act, by paragraphs 4(f) and (g) of the Class Order. These paragraphs are concerned with clarifying the timing issues related to the closing time for offer periods that are automatically extended under the Corporations Act.

Olympus will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to Galilee Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) Galilee Shareholders should contact Mr Gabriel Radzynski on (02) 8014 1188 between 9am and 5pm (Sydney time) Monday to Friday.

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### 9.5. Consents

Watson Mangioni Lawyers Pty Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal adviser to the Offer in the form and context in which it is named.

Computershare Investor Services Pty Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as registrar for the Offer in the form and context in which it is named.

Each of Watson Mangioni Lawyers Pty Limited and Computershare Investor Services Pty Limited:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in documents lodged with ASIC or given to ASX. Pursuant to ASIC Class Order CO 13/521, the makers of those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents (free of charge) please contact Mr Gabriel Radzynski, an Olympus Director, by fax on 02 8084 9918 or by email to Galilee@mercinv.com.au.

### 9.6. Other material information

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to Olympus and has not previously been disclosed to the holders of Galilee Shares) other than as disclosed in this Bidder's Statement.

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## 10. Definitions and Interpretation

### 10.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

<b>\$</b>	Australian Dollars.
<b>Acceptance Form</b>	The acceptance form for the Offer accompanying this Bidder's Statement.
<b>Announcement Date</b>	21 October 2013 being the date on which Mercantile announced that it or its nominee intended to undertake a proportional off-market takeover bid for Galilee.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	Has the same meaning given to that term in section 9 of the Corporations Act.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial products market, Australian Securities Exchange, as the context requires.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ACN 008 504 532), the body which administers the CHESS system in Australia.
<b>ASX Settlement Operating Rules</b>	The settlement rules of ASX Settlement, a copy of which is available at <a href="http://www.asx.com.au">www.asx.com.au</a> .
<b>Bidder's Statement</b>	<del>The contents of this booklet.</del> <a href="#">This replacement bidder's statement dated 10 December 2013.</a>
<b>Board</b>	The board of directors of Galilee.
<b>Broker</b>	A person who is a share broker and a participant in CHESS.
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
<b>CGT</b>	Capital gains tax.
<b>CHESS</b>	The Clearing House Electronic Sub-register System, which provides for electronic share transfer in Australia.
<b>CHESS Holder</b>	A person who has a CHESS Holding.
<b>CHESS Holding</b>	A holding of Galilee Shares on the CHESS subregister of Galilee.
<b>controlled entity</b>	Has the meaning given to that word in the Corporations Act.
<b>Controlling Participant</b>	The Broker who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth).
<b>Encumbrance</b>	An interest or power:

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- (a) reserved in or over an interest in any asset including, without limitation, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation and includes, without limitation, any agreement to grant or create any of the above.

<b>Foreign Law</b>	A law of any jurisdiction other than an Australian jurisdiction.
<b>Foreign Shareholder</b>	Any Galilee Shareholder whose address in Galilee's register of members is a place outside Australia and its external territories, to whom it is unlawful for the Olympus to make the Offer or for whom it is unlawful to accept the Offer.
<b>Galilee</b>	Galilee Energy Limited (ACN 064 957 419)
<b>Galilee AGM</b>	The annual general meeting of Galilee <del>convened to be held on 28 November 2013 and any subsequent meeting held as a result of adjournment of that meeting.</del>
<b>Galilee Board</b>	The board of Directors of Galilee.
<b>Galilee Director</b>	A director of Galilee.
<b>Galilee Share</b>	An ordinary share in the capital of Galilee.
<b>Galilee Shareholder</b>	A registered holder of Galilee Shares.
<b>Galilee Shareholding</b>	The Galilee Shares which a Galilee Shareholder is recorded on the register of members of Galilee as holding.
<b>Governmental Agency</b>	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
<b>Marketable Parcel</b>	A parcel of Galilee Shares with a value of less than \$500 as determined by reference to the last price at which Galilee Shares traded on an "cum-Offer" basis on the preceding trading day.
<b>Mercantile Director</b>	A director of Mercantile.
<b>Offer</b>	The offer to acquire Galilee Shares set out in Appendix A sent or to be sent to the holders of Galilee Shares (or persons entitled to receive those offers pursuant to the Corporations Act).
<b>Offer Consideration</b>	Consideration offered by Olympus for Galilee Shares, being 15 cents per Galilee Share.
<b>Offer Period</b>	The period for which the Offer remains open as set out in Section 2 of Appendix A.
<b>Olympus Director</b>	A director of Olympus.

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<b><u>Original Bidder's Statement</u></b>	<a href="#">The original bidder's statement dated 25 November 2013 lodged with ASIC on that date.</a>
<b>Registry</b>	Computershare Investor Services Pty Limited (ACN 078 279 277).
<b>Relevant Interest</b>	Has the same meaning given to that term in sections 608 and 609 of the Corporations Act.
<b>Rights</b>	All accretions, rights or benefits of whatever kind attaching to or arising from Galilee Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends, distributions, and all rights to receive dividends, distributions or to receive or subscribe for Securities, stock shares, notes, bonds, options or other securities, declared, paid or issued by Galilee or any of its controlled entities.
<b>Security</b>	Has the meaning as given in Section 92 of the Corporations Act.
<b>Shareholder Requirement</b>	<p><b>Approval</b> The requirement under Rule 36 of the constitution of Galilee (<del>if any</del>) that for the Offer to proceed, Galilee Shareholders:</p> <p>(a) pass an ordinary resolution to approve the Offer proceeding; or</p> <p>(b) fail to vote on that resolution,</p> <p>by the date 14 days before the end of the Offer Period.</p>
<b>Voting Power</b>	Has the same meaning given to that term in section 610 of the Corporations Act.

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## 11. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to "\$", "A\$", "Australian Dollars" or "dollars" is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

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## 12. Approval of Bidder's Statement

This replacement Bidder's Statement has been approved by a unanimous resolution of the Olympus Directors.

Dated ~~25 November~~ 10 December 2013

Signed



For and on behalf of Olympus Funds Management Pty Ltd

**Gabriel Radzynski**  
Director

## Appendix A

### Terms of Offer

#### 1. Olympus's Offer

- 1.1 Olympus offers to acquire your Galilee Shares on the terms and conditions of this Offer. Subject to Clauses 3.4 - 3.5, you may accept this Offer in respect of any of your Galilee Shares provided that you may not accept in respect of more than one of every two Galilee Shares you hold. The consideration being offered by Olympus is 15 cents for each Galilee Share acquired under this Offer.
- 1.2 If you accept this Offer and Olympus acquires any of your Galilee Shares, Olympus is also entitled to any Rights in respect of those of your Galilee Shares acquired by Olympus.

#### 2. Offer Period

Unless withdrawn, this Offer remains open for acceptance during the period commencing on [•] December 2013 and ending at 7:00pm on [•] ~~January-February~~ 2014 Sydney time, subject to any extension of that period in accordance with the Corporations Act.

#### 3. Who May Accept

- 3.1 An offer in the form of this Offer is being made to each holder of Galilee Shares registered in the register of members of Galilee at 7:00pm Sydney time on 25 November 2013.
- 3.2 If at the time this Offer is made to you another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of any of your Galilee Shares (**transferred Shares**), Olympus is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
- (a) to the other person, relating to the transferred Shares; and
- (b) to you, relating to your Galilee Shares other than the transferred Shares (if any).
- 3.3 If at any time during the Offer Period and before this Offer is accepted, you hold your Galilee Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act:
- (a) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your Galilee Shares;
- (b) to accept any of those corresponding Offers, you must specify:
- (i) by written notice accompanying your Acceptance Form; or
- (ii) if the notice relates to Galilee Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules,
- that your Galilee Shares consist of distinct portions and the number of the Galilee Shares to which the acceptance relates; and
- (c) otherwise, Section 653B of the Corporations Act applies to this Offer in respect of your Galilee Shares and any acceptance of this Offer by you.
- 3.4 If you accept this Offer for up to one out of every two of your Galilee Shares, you are not entitled to subsequently accept this Offer for the remainder of your Galilee Shares

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**(Remaining Shares)**, nor can any transferee of your Remaining Shares accept this Offer for those Galilee Shares. Your remaining Galilee Shares will be “tagged” to prevent you or your transferee from accepting this Offer.

- 3.5 The Offer will operate so that if the number of Galilee Shares you hold is not divisible by two your holding will be rounded up to the nearest multiple of two and you will be entitled to accept one out of every two of your Galilee Shares calculated by reference to that higher number. For example, if your holding is 1,000,001 Galilee Shares you will be entitled to accept the Offer in respect of 500,001 Galilee Shares, a calculation based on a holding of 1,000,002 Galilee Shares.
- 3.6 Despite anything in Clauses 1.1, 3.4 and 3.5 of this Appendix A, if the effect of accepting this Offer leaves you with a shareholding in Galilee of less than a Marketable Parcel, this Offer will be deemed to have been made in respect of (and you will be paid consideration due for) 100 per cent of your Galilee Shares. However, if Olympus is of the opinion that any Galilee Shareholder has attempted to split or otherwise manipulate their shareholding in Galilee in order to benefit from this provision, Olympus may give notice to that Galilee Shareholder (and other persons whom Olympus deems to have participated in the split or manipulation) to the effect that, for the purposes of this Offer:
- (a) that Galilee Shareholder shall be deemed to hold all Galilee Shares registered in its name and the names of all other persons set out in that notice (**Specified Persons**);
  - (b) each Specified Person shall be deemed as holding no Galilee Shares; and
  - (c) any acceptance of the Offer made by that Galilee Shareholder or any Specified Person shall be deemed as an acceptance of this Offer in respect of one out of every two of the total number of Galilee Shares registered in the name of that Galilee Shareholder and the Specified Persons.

#### 4. How to Accept this Offer

- 4.1 You may accept this Offer in respect of any of your Galilee Shares provided that you may not accept for more than one of every two Galilee Shares that you hold.
- 4.2 You may only accept this Offer during the Offer Period.
- 4.3 If your Galilee Shares are held in a CHES Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.
- 4.4 To accept this Offer, you should proceed as follows:
- (a) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and the Bidder’s Statement and return it, so that the envelope in which they are sent is received by Olympus in accordance with the Acceptance Form before the end of the Offer Period; and
  - (b) if your Galilee Shares are held in a CHES Holding (as an alternative to completing the Acceptance Form) you may either:
    - (i) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the end of the Offer Period; or
    - (ii) if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

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## 5. Effect of Acceptance

5.1 By accepting the Offer in accordance with Clause 4, you will have:

- (a) accepted this Offer in respect of one of every two of your Galilee Shares or such lesser number as specified in your Acceptance Form;
- (b) agreed to transfer your Galilee Shares to Olympus;
- (c) represented and warranted to Olympus that your Galilee Shares will at the time of acceptance of this Offer and at the time of their transfer to Olympus be fully paid up and that Olympus will acquire good title to and beneficial ownership of your Galilee Shares free from all Encumbrances and other adverse third party interests of any kind;
- (d) irrevocably appointed Olympus and each of its directors, secretaries and officers severally from time to time as your attorney to do all things which you could lawfully do in relation to your Galilee Shares or in exercise of any right derived from the holding of such Galilee Shares, including without limitation:
  - (i) attending and voting at any general meeting of Galilee;
  - (ii) notifying Galilee that your address in the records of Galilee for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by Olympus;
  - (iii) do all things necessary to effect the transfer of your Galilee Shares on the same terms and conditions set out in the Offer, legally and beneficially to Olympus; and
  - (iv) doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of Olympus as the registered holder of your Galilee Shares or withdrawal of the Offer and rescission of the contract effected by your acceptance of the Offer in accordance with Section 648F of the Corporations Act (if applicable).

- (e) Olympus must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Clause 5.1(d);
- (f) agreed that in exercising the powers conferred by the power of attorney under Clause 6.1(d) the attorney may act in the interests of Olympus as the intended registered holder and beneficial holder of those Galilee Shares;
- (g) agreed not to attend or vote in person at any general meeting of Galilee or to exercise or purport to exercise any of the powers conferred on an attorney under Clause 5.1(d);
- (h) represented and warranted to Olympus that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer or to your acceptance of this Offer;
- (i) agree to indemnify Olympus and Galilee fully in respect of any claim, demand, action, suit or proceeding made or brought against Galilee and any loss, expense, damage or liability whatsoever suffered or incurred by Olympus, in each case as a result of any representation or warranty made by you not being true;
- (j) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Olympus has not yet provided the consideration due to

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you) you authorise Olympus to transmit a message to ASX Settlement in accordance Rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Galilee Shares which are CHESS Holdings into the Olympus Takeover Transferee Holding; and

- (k) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Olympus has not provided the Consideration due to) you authorise Olympus to enter those of your Galilee Shares which are Issuer Sponsored Holdings into the name of Olympus.

5.2 By completing, signing and returning the Acceptance Form, you will also have:

- (a) authorised Olympus and each of its directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
  - (i) to make the Acceptance Form an effectual acceptance of this Offer; and
  - (ii) to enable registration of the transfer to Olympus of your Galilee Shares; and
- (b) authorised Olympus and each of its directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

5.3 Olympus may at any time in its absolute discretion:

- (a) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance although any of the other requirements for a valid acceptance have not been complied with; and
- (b) where you have satisfied the requirements for acceptance in respect of only some of your Galilee Shares, treat the acceptance as a valid acceptance only in respect of those Galilee Shares.

5.4 In respect of any part of an acceptance treated by Olympus as valid, Olympus must provide you with the relevant consideration in accordance with Clause 6.1.

## 6. Consideration for your Galilee Shares

6.1 Subject to Clauses 6.2 and 6.4 of this Offer, if you accept this Offer and your acceptance is not lawfully rescinded, Olympus will pay to you the Offer Consideration to which you are entitled by the earlier of:

- (a) the date 1 month after the date you validly accept this Offer;
- (b) the date 21 days after the close of the Offer.

6.2 If you accept the Offer and you are a Foreign Unitholder, you are not entitled to receive the Offer Consideration unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australian Taxation Office. Refer to Clause 6.9 of this Offer for further information.

6.3 Notwithstanding anything else in the Bidder's Statement, Olympus is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Foreign Shareholders to receive the Offer Consideration as set out in this Clause 6.2.

6.4 Where the Acceptance Form or any subsequent request from Olympus requires additional documents to be given with your acceptance (such as a certified copy of any of a power of

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attorney, grant of probate or letters of administration, or any other document requested by Olympus to give better effect to your acceptance):

- (a) if the documents are given with your acceptance, Olympus will provide the Offer Consideration in accordance with Clause 6.1 of this Offer;
- (b) if the documents are given after acceptance and before the end of the Offer Period, Olympus will provide the Offer Consideration by the end of whichever of the following periods ends one month after Olympus is given the documents; or
- (c) if the documents are given after the end of the Offer Period, Olympus will provide the Offer Consideration within 21 days after the documents are given.

6.5 If you do not provide Olympus with the required additional documents within one month after the end of the Offer Period, Olympus may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

6.6 If Olympus becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Olympus all documents necessary to vest those Rights in Olympus or otherwise to give Olympus the benefit or value of those Rights. If you do not give those documents to Olympus, or if you have received the benefit of those Rights, then Olympus may reduce the Offer Consideration to which you are otherwise entitled under this Offer by the amount equal to the value, (as reasonably assessed by Olympus), of those Rights.

6.7 If:

- (a) you have (or any previous holder of your Galilee Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your Galilee Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Galilee Shares is) the registered holder of the Shares at the specified time for determining those entitled to the distribution); or
- (c) your Galilee Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Galilee Shareholders,

then Olympus may reduce the Offer Consideration to be paid to you under this Offer by the value (as reasonably assessed by Olympus) of such Rights.

6.8 If Olympus does not, or cannot, make such a reduction, you must pay such value or amount to Olympus.

6.9 If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- (a) the Banking (Foreign Exchange) Regulations 1959 (Cth);
- (b) Part 4 of the Charter of the United Nations Act 1945 (Cth);
- (c) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
- (d) Part 9 of the Anti-Money Laundering And Counter-Terrorism Financing Act 2006 (Cth);
- (e) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945* (Cth); or

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- (f) any other law of Australia that would make it unlawful for Olympus to provide Consideration for your Galilee Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

- 6.10 If Olympus is required by law to retain or withhold (and pay to a public authority) any amount of the Offer Consideration you are entitled to under this Offer, the retention or payment by Olympus of that amount in conjunction with providing the remaining Offer Consideration to be provided to you in accordance with Clause 6.6 of the Offer will constitute full and proper provision of the Offer Consideration to you under this Offer.

## 7. Withdrawal of Offers

- 7.1 This Offer may be withdrawn by Olympus, but only:

- (a) with ASIC's written consent (which consent may be given subject to any conditions which may be imposed by ASIC);
- (b) in accordance with Rule 36 of the constitution of Galilee and Section 648F of the Corporations Act (if applicable); or
- (c) otherwise in accordance with the Corporations Act.

- 7.2 Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from Olympus given to Galilee.

- 7.3 Subject to any conditions imposed by ASIC on its consent, where Olympus withdraws this Offer:

- (a) this Offer, if not previously accepted, automatically becomes incapable of acceptance; and
- (b) any contract resulting from an acceptance of this Offer before the withdrawal (and for this purpose this Offer is treated as having continued in existence notwithstanding that acceptance) is automatically void.

## 8. Variation

Olympus may vary this Offer in accordance with the Corporations Act.

## 9. Olympus's Relevant Interests

At the date of this Offer, there are 152,140,466 Galilee Shares on issue. Immediately before this Offer was sent, Olympus had a Relevant Interest in 3,525,400 Galilee Shares. This constitutes 2.32% of all of the Galilee Shares on issue.

## 10. No Duty

Olympus must pay all duty payable on the transfer of your Galilee Shares to it if you accept this Offer.

## 11. Foreign Laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive the Offer Consideration.

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## 12. Governing Law

- 12.1 This Offer and any contract resulting from acceptance of the Offer are governed by the law in force in NSW.
- 12.2 This Offer is dated [•] December 2013.

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