



Galilee Energy and Vintage Energy merger proposal

A stronger, better resourced gas supplier to eastern Australia

15 August 2024

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Galilee Energy and Vintage Energy have signed a Heads of Agreement to merge to create a better equipped company for gas supply to eastern Australia in the near and long term.

If approved by shareholders, the merged company will feature:

- a stronger balance sheet, with greater capacity to advance existing gas projects;
- a combination of existing gas production from 2P reserves with well-situated contingent resources (2C) exceeding 2,500 PJ; and
- an acreage portfolio with onshore acreage in most sedimentary basins currently, or expected, to supply gas to eastern Australia.

Key details

Board commitment to Heads of Agreement on merger of Galilee Energy and Vintage Energy

Proposed Transaction	<ul style="list-style-type: none">▪ Heads of Agreement (HoA) for merger through Vintage acquisition of 100% of Galilee shares on issue post capital raising announced by Galilee 15 August 2024 “capital raising”▪ Implementation subject to conditions including Galilee raising at least \$2.5 million from capital raising ; court and shareholder approval etc▪ Galilee shareholders to receive two fully paid ordinary shares in Vintage for every one fully paid ordinary Galilee share held on the Scheme record date▪ Implied share price for Galilee of \$0.02 based on Vintage close of \$0.01 on 12 August 2024 (the last day both companies traded on the ASX prior to Galilee entry to trading halt)<ul style="list-style-type: none">- 5% premium to the last close share price of Galilee of \$0.019 (as at 12 August 2024);- 6.6% discount based on Galilee’s 10-day VWAP to 12 August 2024 of \$0.0196 compared to Vintage’s 10-day VWAP to 12 August 2024 of \$0.00915- 12% discount based on Galilee’s 30-day VWAP of \$0.0215 to 12 August 2024 compared to Vintage’s 30 -day VWAP to 12 August 2024 of \$0.00946▪ Vintage shares last close before this announcement 14 August at \$0.009
Implementation	<ul style="list-style-type: none">▪ Scheme of Arrangement documents to be prepared and agreed for Galilee shareholder consideration and approval▪ Galilee to commission an Independent Expert’s Report on whether the Scheme is in the best interests of Galilee shareholders▪ Approval and implementation of the Scheme will see creation of a merged group whereby Vintage shareholders hold approximately 60.2% and Galilee shareholders 39.8%
Board & corporate office	<ul style="list-style-type: none">▪ Merged group board to comprise 4 persons (previously 4 pax for each of Vintage and Galilee); 2 from Vintage and 2 from Galilee▪ Consolidation of 2 offices into single office, located in Adelaide▪ Minimal increase in staff headcount
Board intention	<p>The Galilee board unanimously recommends, and the Vintage board unanimously supports, the proposal in the absence of a superior proposal and subject to being satisfied with its due diligence enquiries and an independent expert concluding (and continuing to conclude) that the scheme of arrangement is in the best interests of Galilee shareholders</p>

Merger rationale

Complementary resource base, project maturities. Stronger financial, cost base to prosecute projects.

<p>Gas</p>	<ul style="list-style-type: none"> ✓ More gas ✓ Enhanced 2P/2C ✓ Current supply contracts ✓ Current and long-term value 	<ul style="list-style-type: none"> ▪ Merged entity to possess ~50 PJ 2P gas reserves; ~2,600 2C Contingent Resource¹ ▪ Galilee holders gain exposure to producing 2P reserves ~50 PJ¹, supplying gas under long term contracts ▪ Vintage shareholders gain exposure to large unconventional ~2,500 PJ¹2C Glenaras gas resource, enhancing resource longevity ▪ Matches current revenue and value opportunities with longer term potential in huge CSG resource
<p>Financial</p>	<ul style="list-style-type: none"> ✓ Stronger balance sheet ✓ Improved capacity to mature long-term projects ✓ Cost economies 	<ul style="list-style-type: none"> ▪ Better resourced to progress production and revenue build from Odin and Vali appraisal from FY25-on ▪ Stronger financial position and addition of existing production and cash generation has merged company better placed for long term maturation of Glenaras gas resource ▪ Cost economies through consolidation of corporate offices with minimal increase in headcount
<p>Portfolio</p>	<ul style="list-style-type: none"> ✓ Coverage of east coast on-shore gas producing regions ✓ Complementary holdings ✓ Maturity profile ✓ Gas and oil 	<ul style="list-style-type: none"> ▪ Merged group acreage portfolio covers most Australian onshore sedimentary basins currently producing or expected to supply gas to eastern Australia ▪ Complementary project maturities across existing Cooper Basin production to large Queensland unconventional and Nangwarry CO₂ ▪ Complementary licence holdings, economies in Galilee Basin ▪ Improved diversity across basins and gas, oil & food grade CO₂
<p>Platform</p>	<ul style="list-style-type: none"> ✓ Investor appeal ✓ Future consolidation 	<ul style="list-style-type: none"> ▪ Financial scale and asset portfolio expected to hold greater appeal for investors ▪ Better placed for consolidation opportunities which typically emerge in oil and gas

Vintage and Galilee assets

Combined portfolio covers most onshore eastern sedimentary basins supplying gas



- 1 **Cooper Basin**
 - Odin & Vali gas fields
 - Appraisal production
 - Gas supply contracts
 - Gas and oil exploration

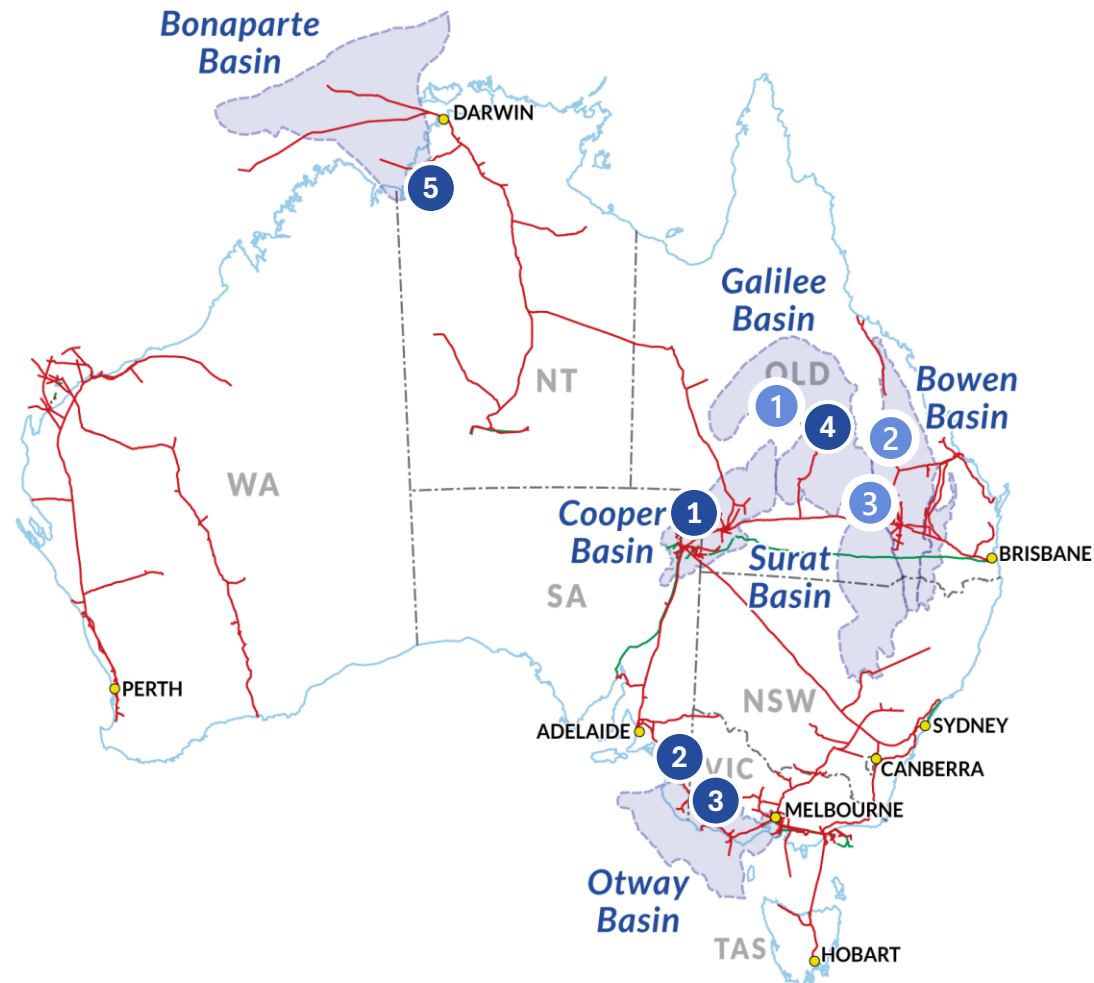


- 2 **Nangwarry CO₂ resource**
 - Multi-decade food grade CO₂ resource

- 3 **Onshore Otway**
 - Gas exploration

- 4 **Galilee Basin**
 - Gas exploration

- 5 **Bonaparte Basin**
 - Gas exploration
 - Untested Cullen-1 well



- 1 **Glenaras gas project**
 - 2,500 PJ 2C CSG resource
 - Transport MOU (non-binding)
 - Investment made in pilot, technical and analytical work to advance commerciality

- 2 **Springsure gas project**
 - Gas exploration

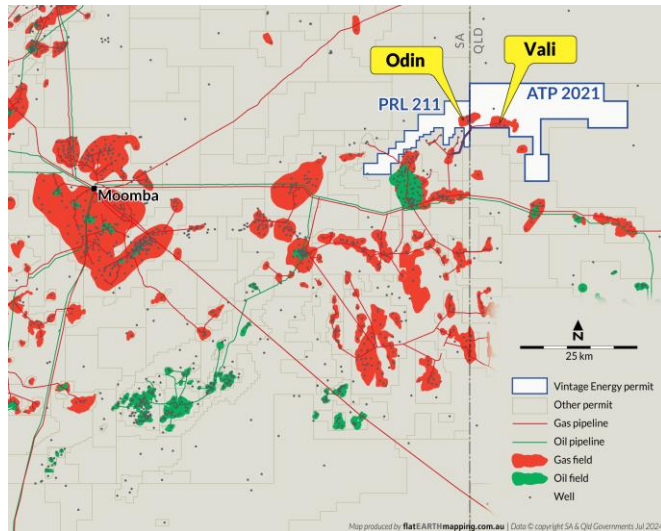
- 3 **Kumbarilla project**
 - Oil exploration

Key gas assets

Merger portfolio to hold currently producing reserves with long term potential

Odin & Vali gas projects

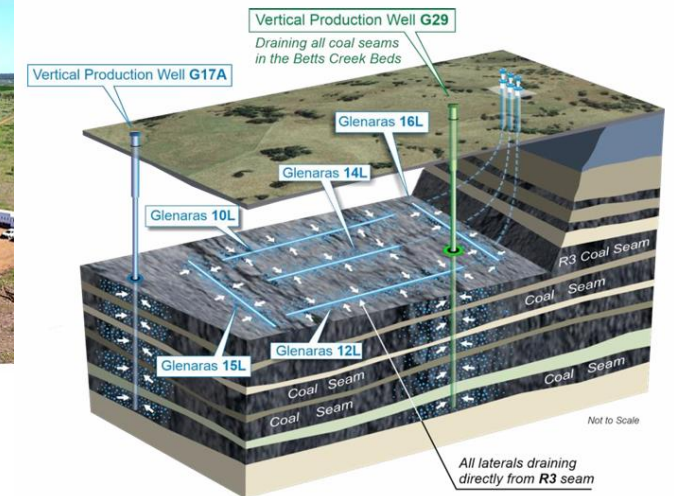
Currently producing and supplying gas



- Lightly explored southern flank Nappamerri Trough
- ~50 PJ 2P at Vali plus ~19 PJ 2C at Odin net to Vintage¹
- Appraisal production, pipeline connection to Moomba
- Gas supply contracts to AGL & ENGIE under contracts negotiated 2021 & 2023

Glenaras gas project

Multi-TCF CSG Resource, ideally located for local and LNG markets



- 2C Contingent Resource 2,508 PJ, independently certified² with undeniable relevance and potential for east coast gas needs
- Pilot project comprising 17 wells drilled across 5 years
- Currently in care and maintenance, pending ongoing technical analysis
- Sustainable, integrated gas and agriculture business model supported by good local relations
- Non-binding MoU with APA for pipeline linkage to Southwest Queensland Pipeline
- Emerging gas supply crisis provides supports low-cost view and reset

¹ Reported in the Vintage Energy 2023 Annual Report

² As reported in the Galilee Energy 2023 Annual Report

Merged group outcome

Combination of 2P and 2C gas. Stronger balance sheet and liquidity

Single listed company, with single office to be located in Adelaide

Merged board of 4 directors

- vs current total of 8 directors across the two companies
- Directors
 - Reg Nelson (Vintage) NED
 - Ray Shorrocks (Galilee) NED
 - Greg Columbus (Galilee) NED
 - Neil Gibbins (Vintage) Managing Director
- Increased technical depth
- Increased depth of experience in capital markets

Proforma combination <i>\$ million unless otherwise specified</i>	Vintage	Galilee	Mergeco
2P Sales gas Reserves ¹ <i>petajoules</i>	48.7	-	48.7
2C Resources ¹ <i>petajoules</i>	66.0	2,508	2,574
Cash ²	7.7	5.0	12.7
Total assets ³	54.1	7.9	62.0
Borrowings – loans ³	8.4	-	8.4
Deferred revenue liability ³	7.1	-	7.1
Restoration costs ³	4.0	4.8	8.8
Net Assets ³	32.6	2.4	35.0
Issued shares ⁴ <i>million</i>	1,669.53	552.35	2,774.2
Market capitalisation ^{2 4}	16.70	8.95	25.65

1. As at 30 June 2023, includes ethane

2. As at 30 June 2024 plus inclusion of proceeds of at least \$2.5 million from capital raising announced 15 August by Galilee

3. As at 31 December 2023

4. As at 12 August 2024, inclusive of equity to be issued under Galilee capital raising of 15 August 2024

Wrap up

A stronger better resourced company for near-term and long-term gas supply to eastern Australia

What's proposed:

- Heads of Agreement signed by the boards of directors of Galilee and Vintage for merger
- Merger to be effected through all-scrip acquisition of Galilee by Vintage
- Scheme meeting documents and Independent Experts report to be prepared ASAP for shareholder consideration
- Board of 4 directors, 2 from each company

What's the expected outcome:

- a company possessing more gas, and with reserves and resources to supply current contracts and long-term supply opportunities
- marriage of current /near term value drivers in Cooper Basin gas and oil with long term potential of substantial Galilee Basin CSG resource
- a stronger balance sheet and liquidity for prosecution of work programs and growth opportunities
- improved cost structure for the resource and reserve base
- a broader acreage portfolio covering most eastern sedimentary basins supplying gas or expected to supply gas to eastern Australia
- improved investor appeal and a better platform to participate in industry consolidation

Glossary

\$	Australian dollars	GJ	Gigajoule (1 GJ is equivalent to 1x10 ⁹ joules)
1C	Contingent resource low estimate ¹	JV	Joint Venture
2C	Contingent resource medium estimate ¹	Km²	Square kilometres
3C	Contingent resource high estimate ¹	Km	Kilometre
2D	Two dimensional	LNG	Liquefied Natural Gas
3D	Three dimensional	MD	Measured Depth
1P	Proved reserve estimate ¹	MMbbl	Million barrels
2P	Proved and probable reserve estimate ¹	MMscfd	Million standard cubic feet per day
3P	Proved, probable and possible reserve estimate ¹	PACE	South Australian Plan for Accelerating Exploration gas grant scheme
ATP	Authority to Prospect (QLD)	PEL	Petroleum Exploration Licence (SA)
bbl	barrels	PJ	Petajoule (1 PJ is equivalent to 1x10 ⁶ GJ)
Bcf	Billion cubic feet	SPE-PRMS	See footnote 2
CY/FY	Calendar year/Financial year	TD	Total Depth
GG&E	Geological, Geophysical and Engineering studies	TJ	Terajoules (1 TJ is equivalent to 1x10 ³ GJ)

¹ Refer to "Guidelines for Application of the Petroleum Resources Management System" June 2018 (SPE PRMS) for complete definitions of Reserves and Contingent Resources.

² Petroleum Resources Management System document, including its Appendix Sponsored by: Society of Petroleum Engineers (SPE) American Association of Petroleum Geologists (AAPG) World Petroleum Council (WPC) Society of Petroleum Evaluation Engineers (SPEE)