



## **ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 25<sup>th</sup> JULY 2016**

### **JUNE 2016 QUARTERLY REPORT**

The Board of Global Petroleum Limited (“Global” or “Company”) is pleased to present its Quarterly Report for the period ending 30 June 2016.

#### **Summary**

- The Company’s Petroleum Exploration Licence covering two Blocks, 1910B and 2010A in the Walvis Basin Offshore Namibia, was extended in December 2015 into Phase 2, which is for a duration of 24 months with a reduced Minimum Work Programme which does not now contain a well commitment. The Company’s technical team continues to evaluate the reprocessed 2D seismic data from the 1990s which was purchased earlier this year. In addition, the Company is undertaking the reprocessing and reinterpretation of the speculative 2D seismic data shot over its blocks in 2011/12 by TGS. Work on the seismic continues to be very encouraging with regard to the hydrocarbon potential in Global’s blocks. Notably the work has increased confidence in a syn-rift oil play in the outboard or deep water region offshore Namibia and the likely presence of both reservoir and source within the Company’s blocks. Combined with the existing prospect portfolio within the blocks, this has improved Global’s view on the overall prospectivity of the acreage. Planning for the acquisition of infill 2D seismic survey data – likely to be shot in 2017- is also in progress including liaison with the Namibian Ministry of Mines and Energy.
- The Company continues to progress the process for award of its four exploration applications offshore Italy.
- Consistent with its previously announced strategy, over the course of the reporting period the Company has continued to engage with counterparties holding appropriate assets. Access to capital for junior E&P Companies remains very limited and Global is therefore in a strong financial position relative to many of its peers.
- Mr Andrew Draffin was appointed a Non-Executive Director on 10 June 2016.
- Post the end of the reporting period, the Board of the Company resolved with effect from 1 August 2016 to discontinue the reduction in the cash element of the compensation of the Board announced in July 2015, which has been in place for one year. Also with effect from 1 August 2016 the Board has resolved to discontinue the Directors’ discretionary share scheme, and consequently will not be seeking the consent of shareholders at the 2016 AGM to renew the Directors’ discretionary share scheme for a further year.

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**Namibian Project**

The Namibian Project consists of an 85% participating interest in Petroleum Exploration Licence Number 29 (“Licence”) covering Offshore Blocks 1910B and 2010A in the Republic of Namibia. The Licence, issued on 3 December 2010, covers 11,730 square kilometres and is located in offshore Namibia in water depths ranging from 1,300 metres to 3,000 metres (Figure 01).

The Initial Exploration Period of the Licence expired in December 2014, and Global fulfilled its corresponding work obligations approximately halfway through the initial four year term. This included reinterpretation of 2,800 kilometres of purchased seismic and commissioning a high resolution 2D seismic acquisition programme of approximately 2,000 kilometres over the acreage. The new data confirmed the presence of two large structures and other potential leads. Accordingly, the Company decided to seek a partner for the next phase of exploration activity on its acreage, commencing with 3D seismic. This ultimately proved unsuccessful given recent mixed drilling results both in Namibia and Atlantic margin frontier plays generally, coupled with the low oil price environment having negatively affected industry and market sentiment. Inevitably, this had a bearing on farm-out processes in Namibia.

Of the wells drilled offshore Namibia, Global regards the HRT operated Wingat-1 well as being the most significant in that liquid hydrocarbons were recovered from the Aptian interval, thus establishing for the first time the presence of a source rock actively generating oil in the Walvis Basin.

Global Petroleum also remains optimistic about the potential of its Namibian blocks given the technical differentiation between the prospectivity on its blocks and the target drilled by Repsol in the neighbouring block in mid-2014 - Welwitschia-1A. Notwithstanding the relative proximity of the assets, the great majority of the prospectivity in Global's acreage is mapped in older sediments. The deeper structures were not reached by the Welwitschia-1A well. Therefore, the significant potential of these deeper traps and reservoirs remains untested.

The Company agreed with the Namibian Ministry of Mines and Energy ("MME") a 12 month extension of the Initial Exploration Period of the Licence, to December 2015, on the basis of an agreed work programme which entailed further interpretation work on existing seismic data. The results of this combined seismic and gravity work has provided further encouragement with regard to the hydrocarbon potential in Global's offshore blocks. Notably the work has increased confidence in a syn-rift oil play in the outboard or deep water region offshore Namibia and the likely presence of both reservoir and source within the Company's blocks. Combined with the existing prospect portfolio within the blocks, this has improved Global's views on the overall prospectivity of the acreage. This improved view on prospectivity encouraged the Company to apply successfully to the MME for an extension into Phase 2 of the Licence ('First Renewal Exploration Period'), having a duration of 24 months to December 2017, on the basis of a revised Minimum Work Programme which involves:

1. The reprocessing of all existing 2D seismic lines across that portion of the Licence Area which is retained following the mandatory 50% relinquishment; and
2. Acquisition of 800km of long offset 2D over the retained acreage. The reprocessed existing 2D data will be used to assist with the design and location of the new survey.

Accordingly, there is now no well commitment during the two year term of the Renewal Period.

The Company's wholly owned subsidiary, Jupiter Petroleum (Namibia) Limited, remains operator with an 85% interest in the two blocks, with partners NAMCOR and Bronze Investments Pty Ltd (Bronze) holding 10% and 5% respectively, both as carried interests.

In June 2016 a Joint Operating Committee meeting was held with the partners, NAMCOR and Bronze, and a Technical Advisory Committee meeting was held with NAMCOR, Bronze and the MME. The Technical Advisory Committee meeting focused on the Company's interpretation of the already processed 1990s data and the reprocessing and subsequent interpretation of the 2011 data. The 2011 data has now been purchased and is currently being reprocessed by the seismic contractor TGS. The Company is currently planning the acquisition of 2D infill survey data-likely to take place in 2017- based on its reprocessed and reinterpreted data. The

new 2D survey is intended better to define the deeper potential hydrocarbon horizons and the viability of hydrocarbon sources.

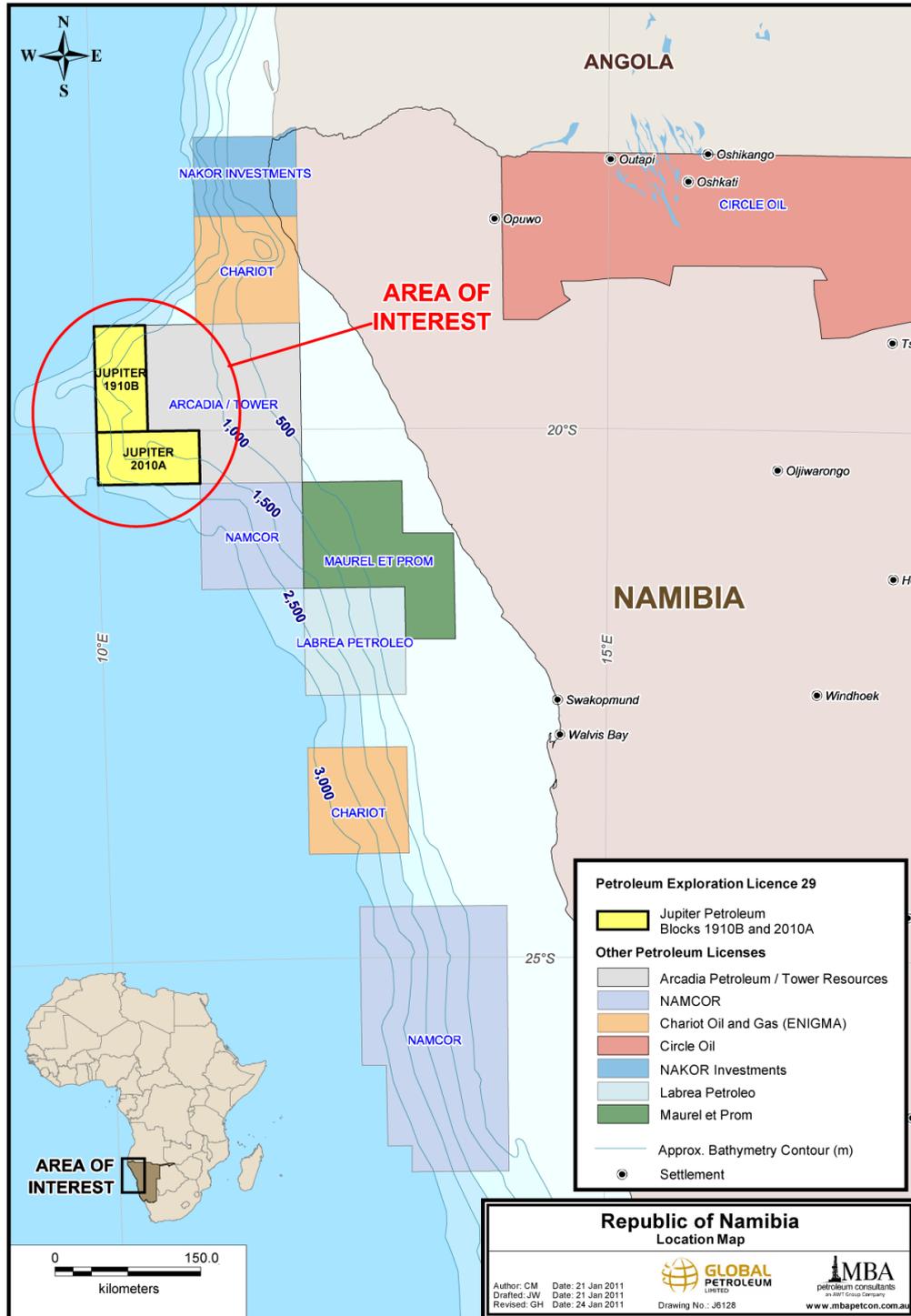


FIGURE 01

## Permit Applications in the Southern Adriatic, Offshore Italy

In August 2013, the Company submitted an application and proposed work programme and budget to the Italian Ministry of Economic Development for four exploration areas offshore Italy (the “Permit Applications” – Figure 02). In accordance with Italian offshore regulations, Global had to meet certain technical and financial requirements. The Permit Applications were then published on 30 September 2013 in the Official Bulletin allowing other competitive bids to be made over the subsequent three months. No such bids were received and the Company submitted the relevant documentation at the end of May 2014 in relation to environmental impact. The precise timetable for final award of the four Permits is dependent upon a satisfactory outcome to this process which is continuing, and upon subsequent formalities in accordance with Italian legislation.

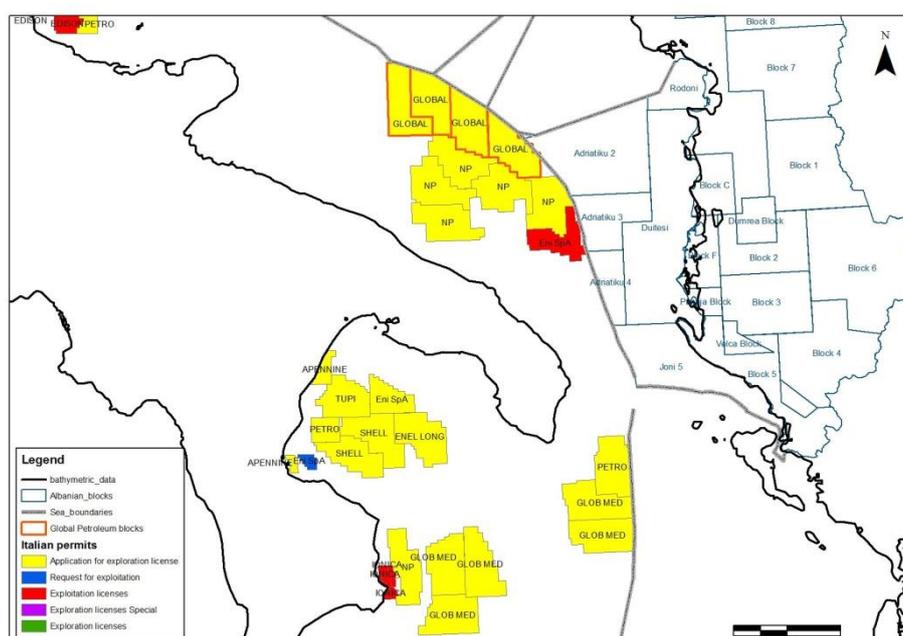


FIGURE 02 Map of southern Adriatic showing Italian permits

The southern Adriatic is currently undergoing a significant new phase of oil and gas exploration. There have been a number of recent applications in the Adriatic close to the Permit Applications. Adjacent to Italian waters, Montenegro held a licensing round in 2014, with Croatia following suit thereafter. Seismic acquisition companies have begun large, multi-client 2D acquisition programmes across the entire basin, from Italy to Croatia. In 2013 Shell and Petromanas announced the Shiprag discovery onshore Albania, which is thought to be linked to the same petroleum source rock and similar reservoir to some of those identified in the offshore Adriatic.

The Company is currently awaiting Environmental Decrees from the Italian Ministry of the Environment in relation to the four Permit Applications. The issue of the Environmental Decrees is viewed as the final administrative stage before actual grant of the Permits.

## **Corporate**

Mr Andrew Draffin, an experienced Melbourne based chartered accountant and public company director, was appointed as a Non-Executive Director with effect from 10 June 2016.

Post the end of the reporting period, the Board of the Company resolved with effect from 1 August 2016 to discontinue the reduction in the cash element of the compensation of the Board announced in July 2015, which has been in place for one year. Also with effect from 1 August 2016 the Board has resolved to discontinue the Directors' discretionary share scheme, and consequently will not be seeking the consent of shareholders at the 2016 AGM to renew the Directors' discretionary share scheme for a further year.

## **Business Development**

Global remains in a strong financial position from which to fund work activity on its Namibian acreage, its Italian Permits once awarded, and to implement a change of focus through acquisition. With regard to the wide range of potential new opportunities which Global has reviewed over the last year or so, some common factors have emerged: many counterparties have little cash and very limited access to capital, and a lack of capital for E&P projects exists generally. The Company's cash position therefore puts it in an advantageous position compared to many peers, but in order to create value in potential deals it is necessary to have visibility as to the availability of funds to finance new projects following an acquisition. Consistent with that strategy the Company has been involved in a number of discussions with counterparties holding potentially interesting assets. With even the most optimistic forecasts not predicting a return in the near-term to oil prices at the levels which prevailed in the first half of 2014, potential transaction counterparties appear to be increasingly realistic with regard to the terms at which they will be able to transact. However, the Company remains extremely selective regarding the quality of assets it would consider investing in, and the terms of such investment.

## **ASX Listing Rule 5.4.3**

Global provides the following information in accordance with ASX Listing Rule 5.4.3:

- The Company holds Petroleum Exploration Licence Number 29 covering Offshore Blocks 1910B and 2010A in the Republic of Namibia
- No granted petroleum tenements were acquired or disposed of by the Company during the reporting period.
- No beneficial percentage interests in joint venture, farm-in or farm-out agreements were acquired or disposed of by the Company during the reporting period.

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