

24 January 2017



**Global Petroleum Limited**

## **DECEMBER 2016 QUARTERLY REPORT**

The Board of Global Petroleum Limited (“Global” or “Company”) presents its Quarterly Report for the period ending 31 December 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. In place of the previous well commitment in Phase 2, the Company undertook to reprocess and re-interpret previously acquired 2D seismic and to shoot 800 kilometres of new 2D. To this end, the Company’s technical team has evaluated reprocessed 2D seismic data from the 1990s and also reprocessed speculative 2D seismic data shot over its blocks in 2011/12 by TGS, both of which were purchased in 2016. The evaluation of this data has proven to be very encouraging. 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. During the reporting period, the Company invited tenders for the new infill 2D seismic survey, and these tenders are currently being evaluated.
- The Company previously announced that environmental decrees had been published by the Italian authorities in relation to two of the Company’s four applications (d 82 F.R-GP and d 83 F.R-GP). Towards the end of the reporting period, the Company was informed that relevant local authorities have appealed against the two environmental decrees. Global will take the necessary steps to oppose the appeals. The Company understands that local authorities have recently appealed against other environmental decrees in the Southern Adriatic, and that these appeals have been rejected by the competent legal tribunal.
- Consistent with its previously announced strategy, over the course of the reporting period the Company has continued to engage with counterparties holding what we consider to be attractive assets. Global remains in a strong cash position in comparison to many of its peers, and the Company remains confident of making a key investment in due course.

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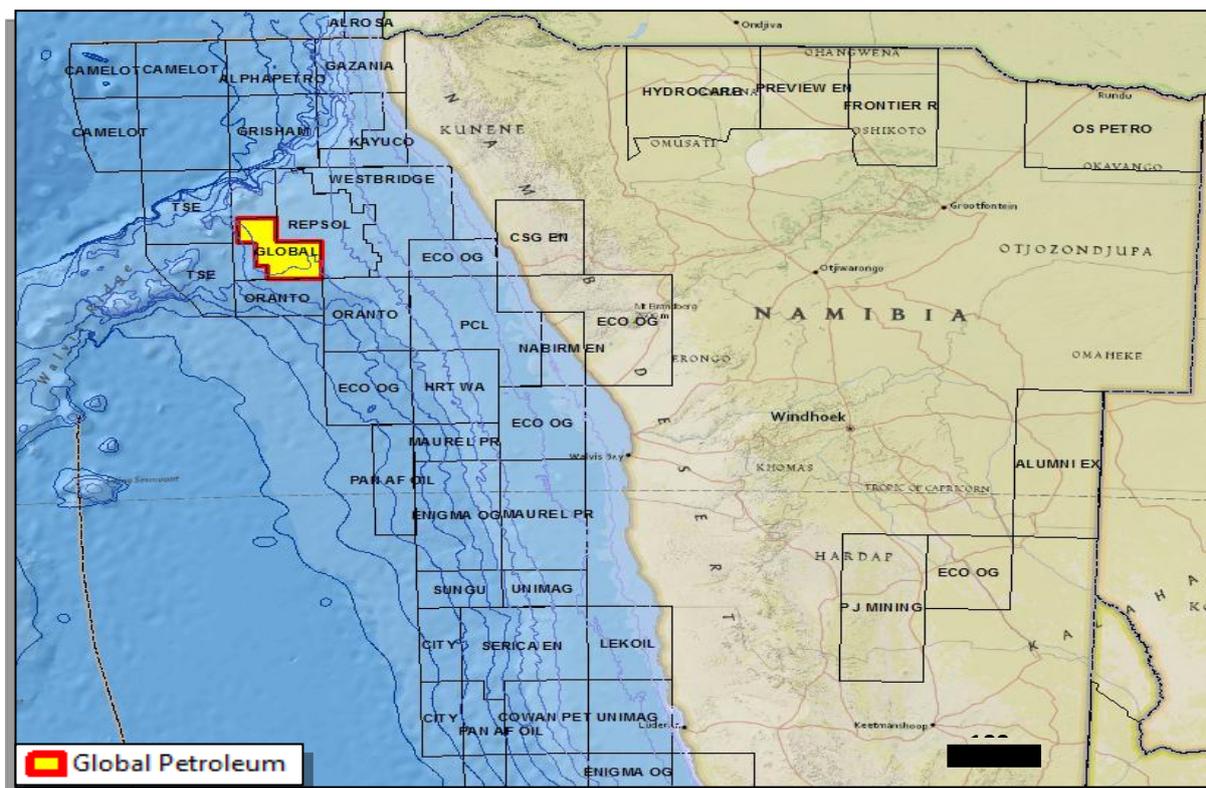
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**Namibian Project**

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, originally covered 11,730 square kilometres and is located offshore Namibia in water depths ranging from 1,300 metres to 3,000 metres (Refer Figure 1). 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. The Company agreed with the Namibian Ministry of Mines and Energy (“MME”) a 12 month extension of the Initial Exploration Period to December 2015, on the basis of an agreed work programme which entailed further interpretation work on existing seismic data.

In December 2015, the Company entered into the First Renewal Exploration Period (Phase 2) of the Licence, making a mandatory relinquishment of 50% of the Licence Area. Phase 2 is for a duration of 24 months with a reduced Minimum Work Programme which does not now contain a well commitment. Instead, the Company has undertaken to reprocess and re-interpret previously acquired 2D seismic and to shoot 800 kilometres of new 2D. To this end the Company’s technical team has evaluated reprocessed 2D seismic data from the 1990s which was purchased earlier this year, and has recently taken delivery of reprocessed speculative 2D seismic data shot over its blocks in 2011/12 by the seismic company, TGS. Work on the seismic continues to be very encouraging. 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. During the reporting period, the Company invited tenders for the new infill 2D seismic survey, and these tenders are currently being evaluated.

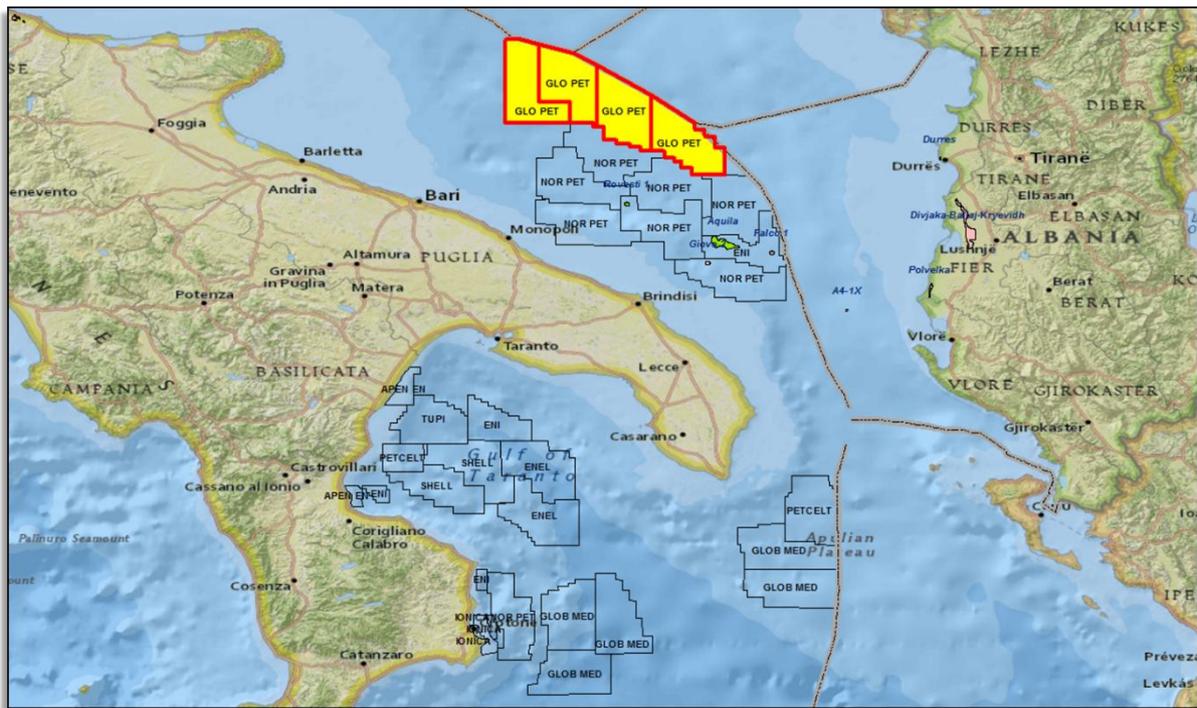
The Company’s wholly owned subsidiary, Jupiter Petroleum (Namibia) Limited, remains operator with an 85% interest in the two blocks, with partners NAMCOR and Bronze Investments Pty Ltd (Bronze) holding 10% and 5% respectively, both as carried interests.



**FIGURE 1 - Map of Namibia showing Global Licence.**

**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 2). 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. In accordance with Italian offshore regulations, Global subsequently submitted the relevant documentation to the respective authorities in relation to environmental requirements, and in connection with the satisfaction of certain technical and financial requirements. The Company was subsequently informed that it had duly satisfied the technical/financial requirements. The Company has previously announced that environmental decrees have been published by the Italian authorities in relation to two of the Company’s four applications (d 82 F.R-GP and d 83 F.R -GP). Towards the end of the reporting period, the Company was informed that relevant local authorities have appealed against these two environmental decrees. The Regional Authority, Puglia, has appealed against both environmental decrees and the town of Ostuni has appealed against d 82 F.R-GP. The Company will oppose the three appeals by filing a response with the Regional Administrative Tribunal of Latium in Rome. The Company understands that similar appeals were recently made against environmental decrees granted to other companies in the Southern Adriatic, and that these appeals were rejected by the Regional Administrative Tribunal of Latium.



**FIGURE 2 - Map of Southern Adriatic showing Italian permit applications.**

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 in 2015. 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.

### **Business Development**

The ability to raise the finance necessary for funding asset development following an acquisition has remained challenging in the context of the relative slump in the commodity price since 2014. However, oil prices increased in the latter part of 2016, and market conditions for E&P financings have shown some improvement recently.

Global remains in a strong cash position in comparison to many of its peers, and is thus well placed to fund work activity on its Namibian acreage, its Italian application interests (subject to award), and to implement a change of focus through acquisition. We have continued over the latter period to engage with counterparties holding what we consider to be attractive assets, and remain confident of making a key investment in due course.

### **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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