

**Global Petroleum Limited**  
**(“Global” or the “Company”)**

**Final Results for the Year Ended 30 June 2014**

The Directors of Global Petroleum Limited present their report together with the consolidated financial statements of the Group comprising of Global Petroleum Limited (“the Company” or “Global” or “Parent”) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

**Directors’ Report**

We are pleased to present to you the Global 2014 Annual Report.

During the period covered by this report we have continued to appraise a wide range of potential new opportunities in order to expand the Company’s asset portfolio. At the same time, your Board has re-assessed the Company’s strategy for growth, and set out below is further information on our new focus, following our summary of events over the past year.

On 4 September 2014 we announced that agreement had been reached with the Namibian Ministry of Mines and Energy for a twelve month extension until December 2015 of the Initial Exploration Period of Petroleum Exploration Licence 29, which covers our two blocks in the Walvis Basin offshore Namibia. During this period the Company will undertake further interpretation work on existing seismic data, whilst also continuing with the farm-out process commenced in 2013. However this process has not been successful to date, principally due to the lack of exploration drilling success offshore Namibia and other frontier provinces, and in particular the disappointing Welwitschia-1A well which was plugged and abandoned in an adjacent block to ours. Whilst the main prospectivity in our blocks is at a deeper horizon than that penetrated by Welwitschia-1A, inevitably potential farm-in partners have waited for the drilling of this well, and have not been encouraged by its outcome.

Progress has continued towards licence awards with our four applications for exploration areas offshore Italy in the southern Adriatic Sea. At the end of May 2014, the Company moved to the next phase of the award process by submitting to the authorities the required documentation covering the environmental impact of our exploration activities. We remain excited about the long-term potential of these areas, and are working toward the formal grant of awards, targeted for 2015.

Regarding offshore Juan de Nova, we continue to wait for progress in relation to our application to the French authorities for a renewal of our permit, and we believe that formal grant is unlikely in 2014.

## **Financial**

During the year ended 30 June 2014, the Group recorded a loss after tax of \$14,367,359 (2013: loss \$1,288,064), with the increase primarily reflecting the \$10,757,276 impairment write-down of the Company's Namibian assets, following the disappointing drilling nearby and farm-out process referred to above. Cash balances at 30 June 2014 amounted to \$17,639,320 (2013: \$22,113,332). The Group has no debt.

## **Board**

On 16 July 2013 Robert Arnott resigned as Non-Executive Chairman, to be replaced by existing Non-Executive Director Peter Taylor as Acting Non-Executive Chairman. On 10 February John van der Welle joined your Board as Non-Executive Chairman.

## **Strategy and Outlook**

The last year has been a frustrating one for management and of course shareholders, which has been reflected in the share price, albeit against a difficult E&P sector in the stock market, where sentiment has been negative for some time. Considerable effort has been expended seeking and evaluating opportunities to acquire suitable new exploration assets. However the generally poor frontier area exploration results in recent years, including in Africa, is indicative of the scarcity of attractive opportunities, and accordingly your Board has been very selective in considering potential investments of the Company's cash resources in exploration in these areas.

As mentioned above, in response to the current exploration backdrop we have re-assessed our strategy of looking for frontier exploration opportunities, and have concluded the Company will now balance its existing higher risk/reward portfolio in Namibia and prioritise exploration in proven hydrocarbon provinces, especially onshore, and investment in discovered contingent resources. Geographically the focus will continue to be primarily Africa and the Mediterranean. We will also carefully consider appropriate corporate opportunities, which may occur periodically.

In summary, your Board expects to make significant progress in growing the business with attractive new assets in the next twelve months.

We look forward to meeting shareholders at the Company's Annual General Meeting.

**John van der Welle, Chairman**

**Peter Hill, Chief Executive Officer**

## **Operating and Financial Review**

### *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.

The Initial Exploration Period of the Licence expires in December 2014, and Global fulfilled the corresponding work obligations some time ago. This involved re-interpretation of 2,000 kilometres of purchased seismic and commissioning a high resolution 2D seismic acquisition programme of some 2,000 kilometres over the acreage. The new data confirmed the presence of two large structures and other potential leads, and accordingly the Company resolved to seek a partner for the next phase of exploration activity on its acreage, commencing with 3D seismic.

Exploration drilling results in Namibia have been mixed to date. Of the wells drilled in the Walvis basin, 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.

During the reporting period, the Welwitschia-1A well was plugged and abandoned. It had been drilled to a depth of 2,454m in Block 2011A, adjacent to Global’s Block 2010A.

The geological setting of Global's blocks is distinct from that targeted by the Welwitschia-1A well, notwithstanding the relative proximity of the two, the great majority of the prospectivity in Global's acreage is mapped in older sediments. These deeper structures were not reached by the Welwitschia-1A well. Therefore, the significant potential of these deeper traps and reservoirs remains untested.

In addition, the Company’s technical team believes that shallower reservoir potential still remains in its blocks, as Global's interpretation is that the high quality Maastrichtian and Campanian reservoirs in its blocks were deposited in a sandstone reservoir fairway which skirted and bypassed the old highs such as the one drilled by Welwitschia-1A.

Regarding source, it is thought that the main charge for Global's prospects is also in the older sediments: this means that the deeper structures would be charged first, the shallower Maastrichtian and Campanian traps second, and only thirdly the reservoir fairway between the highs on one of which Welwitschia-1A was drilled.

The Company therefore remains optimistic about the potential of its Namibian blocks given the technical differentiation between the prospectivity on its blocks and the target drilled at Welwitschia-1A and continues to seek a partner with a view to funding the future work programme on the Licence, commencing with 3D seismic. However, the Company is mindful of the wider context that disappointing drilling results both in Namibia and in Atlantic margin frontier plays generally have affected industry and market sentiment, which has undoubtedly had a bearing on its farm-out process in Namibia.

Subsequent to the end of the reporting period, the Company agreed with the Namibian Ministry of Mines and Energy (“MME”) a 12 month extension of the Initial Exploration Period of the Licence, which will now be valid until December 2015. Entering into the second period of the Licence

(previously scheduled to commence in December 2014) would involve commitment to drill a well, and therefore the Company has agreed with MME to extend instead the Initial Exploration Period on the basis of an agreed work programme, which entails further interpretation work on existing seismic data. 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 holding 10% and 5% respectively, both as carried interests.

#### *Juan de Nova Project*

Jupiter Petroleum (Juan de Nova) Limited ("Jupiter", a 100% subsidiary of Global) previously held a 30% interest in the Juan de Nova Est Permit (the "Permit") which was issued by the French Government in December 2008. The Permit covers approximately 9,010 square kilometres and is situated to the east of the small island of Juan de Nova in the Mozambique Channel, immediately to the west of Madagascar (refer to the map below).

A petroleum systems review, including reprocessing of historic 2D seismic data, was completed in 2013. Results appear to show a thick and potentially prospective stratigraphic section in deep water in both the northern and southern triangles of the block, which are encouraging enough to justify renewal. Accordingly, an application by the joint venture partners to renew approximately 4,500 square kilometres (equating to 50% of the existing Permit area) of the Juan de Nova Est Permit was submitted to the French Authorities on 28 August

2013. Following subsequent dialogue with the Authorities, the Company is now awaiting a response to the application.

In the first phase of the Permit, Wessex Exploration Limited ("Wessex") was the operator and held a beneficial interest of 70%. There was insufficient time to convert this beneficial interest into full legal title to the Permit prior to the deadline for the Permit's renewal, and so Wessex was unable legally to participate in the renewal process. However, Global held a full legal interest in the Permit through Jupiter, which therefore applied for renewal as a 100% interest holder and Operator. Alongside the Permit renewal application, a new joint venture agreement was signed with Wessex giving Wessex the right to apply to the relevant French Authorities to take legal title to a 50% working interest in the Permit, in the event that the renewal is successful. During the reporting period dialogue continued with the French Authorities regarding renewal of the Permit.

The Company does not expect the French Authorities to make a decision regarding renewal of the Permit before Q1 2015.

### *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"). 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, and upon subsequent formalities in accordance with Italian legislation

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 earlier in the year, 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.

### *Business Development*

The Company has reviewed a wide range of potential new opportunities and the process remains ongoing. Global remains well capitalised which provides a position of strength compared to many of its peers and the Board is ready to commit a significant portion of this capital to a suitable new opportunity or opportunities, but only if they believe such are likely to significantly enhance shareholder value.

The Board is particularly mindful of the wider context, which is that disappointing drilling results both in Namibia and in Atlantic margin frontier plays generally have affected industry and market sentiment. This in turn has impacted the availability of equity capital, particularly for companies in the E&P sector.

As mentioned above, in response to the current exploration backdrop we have re-assessed our strategy of looking for frontier exploration opportunities, and have concluded the Company will now balance its existing higher risk/reward portfolio in Namibia and prioritise exploration in proven hydrocarbon provinces, especially onshore, and investment in discovered contingent resources. Geographically the focus will continue to be primarily Africa and the Mediterranean. We will also carefully consider appropriate corporate opportunities, which may occur periodically.

*Results of operations*

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Loss from continuing operations before tax	(14,363,618)	(2,189,906)
Income tax benefit (expense)	(3,741)	1,412,653
<b>Net profit (loss)</b>	<b>(14,367,359)</b>	<b>(1,288,063)</b>

The results of the Consolidated Entity include revenue from oil and gas sales of \$Nil (2013: \$180,931) and interest income of \$395,983(2013: \$780,705). The increase in the loss primarily reflects the \$10,757,276 impairment write-down of the Company's Namibian assets, following the disappointing drilling nearby and farm- out process referred to above.

*Review of financial condition*

As at 30 June 2014 the Group had cash of \$17,639,320 (2013: \$22,113,332) and has no debt.

**Dividends**

No Dividends were paid during the financial year ended 30 June 2014 (2013:Nil)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2014

	2014	2013
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	17,639,320	22,113,332
Trade and other receivables	169,304	180,280
Prepayments	102,580	172,496
Current tax receivable	-	173,126
<b>Total current assets</b>	<b>17,911,204</b>	<b>22,639,234</b>
Plant and equipment	20,383	25,165
Exploration assets	369,908	9,893,158
<b>Total non-current assets</b>	<b>390,291</b>	<b>9,918,323</b>
<b>TOTAL ASSETS</b>	<b>18,301,495</b>	<b>32,557,557</b>
<b>Liabilities</b>		
Trade and other payables	479,816	437,899
Current tax payable	3,741	-
Provisions	70,090	53,316
<b>Total current liabilities</b>	<b>553,647</b>	<b>491,215</b>
Deferred tax liability	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>553,647</b>	<b>491,215</b>
<b>NET ASSETS</b>	<b>17,747,848</b>	<b>32,066,342</b>
<b>Equity</b>		
Share capital	41,574,956	41,574,956
Reserves	1,076,950	1,028,085
Accumulated losses	(24,904,058)	(10,536,699)
<b>TOTAL EQUITY</b>	<b>17,747,848</b>	<b>32,066,342</b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Continuing operations</b>		
Salaries and employee benefits expense	(865,393)	(1,023,663)
Administrative expenses	(1,399,573)	(1,406,281)
Other expenses	(1,267,427)	(396,863)
Impairment of exploration asset	(10,757,276)	-
Foreign exchange gain (loss)	(368,008)	75,494
Equity based remuneration	(101,924)	(219,298)
<b>Results from operating activities before income tax</b>	<b>(14,759,601)</b>	<b>(2,970,611)</b>
Finance income	395,983	780,705
<b>Net finance income</b>	<b>395,983</b>	<b>780,705</b>
<b>Profit (loss) from continuing operations before tax</b>	<b>(14,363,618)</b>	<b>(2,189,906)</b>
Income tax benefit (expense)	(3,741)	1,412,653
<b>Profit (loss) from continuing operations after tax</b>	<b>(14,367,359)</b>	<b>(777,253)</b>
<b>Discontinued operations</b>		
Profit (loss) from discontinued operations (net of tax)	-	(510,811)
<b>Profit (loss) for the year</b>	<b>(14,367,359)</b>	<b>(1,288,064)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences – foreign operations	(53,059)	682,679
<b>Other comprehensive income (loss) for the year, net of tax</b>	<b>(53,059)</b>	<b>682,679</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(14,420,418)</b>	<b>(605,385)</b>
<b>Earnings per share</b>		
Basic earnings (loss) per share (cents)	(7.203)	(0.646)
Diluted earnings (loss) per share (cents)	(7.203)	(0.646)
<b>Earnings per share – continuing operations</b>		
Basic earnings (loss) per share (cents)	(7.203)	(0.390)
Diluted earnings (loss) per share (cents)	(7.203)	(0.390)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to owners of the Company				
	Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
<b>2014</b>					
<b>Balance at 1 July 2013</b>	<b>41,574,956</b>	<b>636,540</b>	<b>391,545</b>	<b>(10,536,699)</b>	<b>32,066,342</b>
Issue or modification of options	-	101,924	-	-	101,924
<b>Total comprehensive (loss) for the year:</b>					
Profit (loss) for the year	-	-	-	(14,367,359)	(14,367,359)
Other comprehensive profit (loss) for the year:	-				
Foreign currency translation differences	-	-	(53,059)	-	(53,059)
<b>Total comprehensive income (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(53,059)</b>	<b>(14,367,359)</b>	<b>(14,420,418)</b>
<b>Balance at 30 June 2014</b>	<b>41,574,956</b>	<b>738,464</b>	<b>338,486</b>	<b>(24,904,058)</b>	<b>17,747,848</b>
<b>2013</b>					
<b>Balance at 1 July 2012</b>	<b>41,574,956</b>	<b>417,242</b>	<b>(291,134)</b>	<b>(9,248,635)</b>	<b>32,452,429</b>
Issue of options	-	219,298	-	-	219,298
<b>Total comprehensive profit (loss) for the year:</b>					
Profit (loss) for the year	-	-	-	(1,228,064)	(1,288,064)
Other comprehensive profit (loss) for the year:	-				
Foreign currency translation differences	-	-	682,679	-	682,679
<b>Total comprehensive income (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>682,679</b>	<b>(1,288,064)</b>	<b>(605,385)</b>
<b>Balance at 30 June 2013</b>	<b>41,574,956</b>	<b>636,540</b>	<b>391,545</b>	<b>(10,536,699)</b>	<b>(32,066,342)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2014

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	(3,012,511)	(2,836,319)
Interest received	465,362	789,210
GST refunds received	266,094	2,216
Tax refund	173,126	-
Net cash from (used in) operating activities of discontinued operations	-	(68,970)
<b>Net cash from (used in) operating activities</b>	<b>(2,077,929)</b>	<b>(2,113,863)</b>
<b>Cash flows from investing activities</b>		
Exploration expenditure	(1,708,645)	(983,771)
Acquisition of plant and equipment	-	(27,352)
Net cash from (used in) investing activities of discontinued operations	-	491,967
<b>Net cash from (used in) investing activities</b>	<b>(1,708,645)</b>	<b>(519,156)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,786,574)</b>	<b>(2,633,019)</b>
Cash and cash equivalents at 1 July	22,113,332	24,329,070
Effects of exchange rate fluctuations on cash and cash equivalents	(687,438)	417,281
<b>Cash and cash equivalents at 30 June</b>	<b>17,639,320</b>	<b>22,113,332</b>

The Company confirms that a copy of its latest Annual Report and Accounts report will be available shortly on the Company's website ([www.globalpetroleum.com.au](http://www.globalpetroleum.com.au)) or by clicking the link below:  
[http://www.rns-pdf.londonstockexchange.com/rns/9594S\\_-2014-9-30.pdf](http://www.rns-pdf.londonstockexchange.com/rns/9594S_-2014-9-30.pdf)

The Company also confirms that the full version of the Annual Report and Accounts have today been posted to shareholders.

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