GLOBAL PETROLEUM LIMITED
ABN 68 064 120 896

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 22 DECEMBER 2008

# GLOBAL PETROLEUM TO FARM IN TO EA5 OIL PROSPECT IN UGANDA

## Highlights

- *Global to farm in to Tower Resources Plc's Uganda acreage in Exploration Area 5 ("EA5") in the north west of the Country;*
- *Right to earn 50% interest in EA5 by meeting the costs of two exploration wells, with the initial well capped at US$7.5m;*
- *Blocks to the south of EA5 have had consistent success with a 100% exploration and appraisal success rate since mid 2006*
- *Post expenditure on the initial well, Global with still have approximately US$16.25m of cash to pursue other oil and gas opportunities*

## Introduction

Global Petroleum Limited ("Global" or "the Company") is pleased to announce that it has reached agreement ("Farm In Agreement") with Neptune Petroleum (Uganda) Limited ("Neptune"), a wholly-owned subsidiary of Tower Resources plc ("Tower"), an AIM listed oil and gas exploration company, to farm in to an interest in Neptune's Uganda acreage. This agreement is subject to the consent of the Government of Uganda Minister of Energy and Mineral Development and any other regulatory approvals required. Global has the right to earn a 50% interest in Exploration Area 5 ("EA5"), north western Uganda by meeting the cost of two exploration commitment wells.

EA5 is a 6,040 sq km licence area situated at the northern end of the Albertine Graben in northern Uganda (see Figure 1). A regional aeromagnetic survey has identified that EA5 contains one of five identified sedimentary depocentres (or basins), called the Rhino Camp Basin, within the Albertine Graben and a programme of seismic interpretation and geochemical sampling has been completed by Neptune. The Blocks to the south of EA5 have had consistent success with a 100% exploration and appraisal success rate since mid 2006, including the recently announced successful and significant well, Buffalo-1, in EA1 some 80 kms from the Iti-1 location, held by Tullow Oil Plc and Heritage Oil Limited.

Under the terms of the Farm In Agreement, Global has the right to earn a 50% interest in the EA5 Production Sharing Agreement by funding the Authority for Expenditure ("AFE") cost of drilling Iti-1 (subject to a cap as outlined below), the first well of a two well programme, and a second well, currently expected to be Sambia-1, when the results of Iti-1 have been interpreted.

It has been agreed that Global's funding of Iti-1 will be capped at US$6.5 million in the event that drill stem testing is not justified and US$7.5 million in the event that the presence of hydrocarbons supports the need for a drill stem test programme, after which Global would fund 25% of continuing well costs.

There are no expenditure cap levels for the drilling of the second well. Notwithstanding the above, Global may, after the first well, opt not to fund the second well in which case Global may, at its sole discretion, continue with a 25% interest or withdraw from EA5 altogether.

Neptune has signed a Letter of Intent with ASCOM S.A Group for the provision of a truck mounted land drilling rig, an MBU-125, currently in southern Sudan, which is rated for drilling to 2,700 metres and has advised that it expects the rig to be available from February 2009.

Global will make further announcements in relation to drilling progress at EA5 upon developments.

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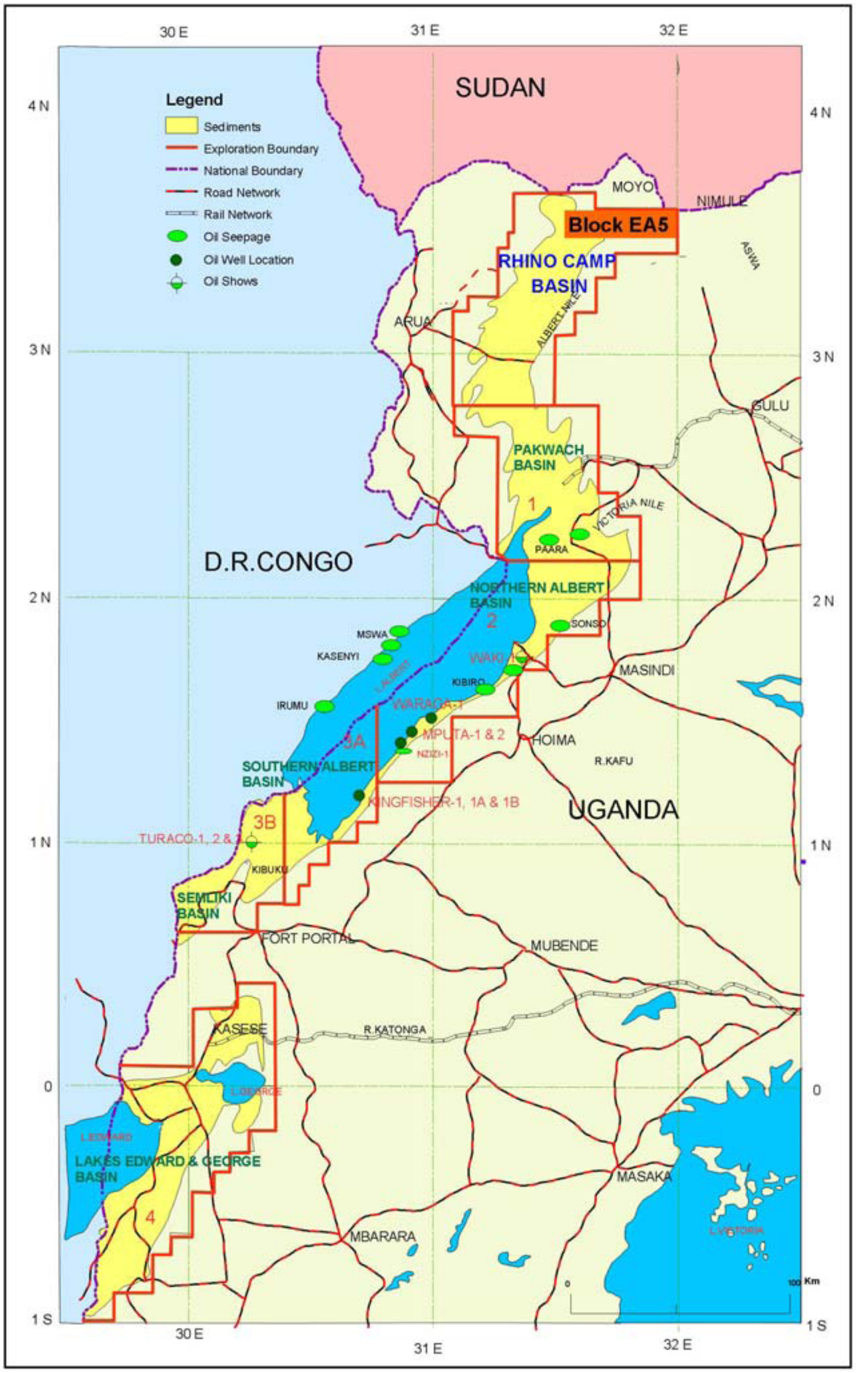


**Figure 1 - Project Location Map**

## Project Summary

EA5 is a 6,040 sq km licence area situated at the northern end of the Albertine Graben in northern Uganda (see Figure 1). A regional aeromagnetic survey has identified that Block 5 contains one of five identified sedimentary depocentres (or basins) within the Albertine Graben. This one is called the Rhino Camp Basin.

The Rhino Camp Basin can be considered a new unexplored basin but with good hydrocarbon potential by analogy to the other basins within the Albertine Graben. There is a high probability that reservoir, structure and seal are present within the basin and there are strong indications from gravity and seismic data to support structural presence. The main exploration risk is considered to be the thermal maturity of source rocks.

A programme of seismic interpretation and geochemical sampling has been completed, and on the basis of the subsequent interpretation, two well locations, one to be drilled to about 800 metres and the second to about 500 metres, have been selected.

Seismic processing has confirmed the structural features identified by earlier gravity interpretation and gave encouragement that EA5 would contain hydrocarbons. On this basis, the Neptune entered the second two-year exploration period, lasting until March 2010. The commitments for Neptune for this phase of exploration are two firm wells and one contingent well.

The seismic processing revealed, for EA5, that the Miocene sediments prevalent in other areas of the Albertine Basin have a maximum thickness of 1,500 metres, which is in line with sediments in Licence EA1 immediately to the south of Tower's Licence EA5. It is also similar to the Butiaba area of Licence EA2 where Tullow Oil has recently made several significant discoveries at depths less than 1,000 metres. There is also evidence from the seismic that sediments had been more than 500 metres deeper when source rocks were being deposited. Amplitude anomalies are widespread and AVO analyses also indicate hydrocarbons may be present.

Geochemistry field surveys have confirmed that there is almost certainly an active, mature hydrocarbon source and migration process taking place which substantially reduces remaining exploration risk. This has always been the main area of risk for exploration in the EA5 area so is very encouraging. Moreover, the samples taken have similar characteristics to surface seeps present in other areas of the Albertine Graben.

Some considerable encouragement can be drawn from the successful and continuing exploration programmes of Tullow Oil and Heritage Oil in Blocks 2 and 3 to the south of Tower's Block 5. Exploration drilling in Block 1 which is adjacent to Block 5 has also yielded two discoveries confirming a northward trend of prospectivity.

Further detail on EA5 can be found at www.towerresources.co.uk.

**Commercial Terms of the Farm In Agreement**

Global has entered into a Farm In Agreement to earn an interest of 50% of EA5, by funding the cost of drilling 2 wells. Key terms of the Farm In Agreement are as follows:

- To earn an initial 25% interest, Global will be responsible for 100% of the funding for the direct costs of the first well to be drilled, up to a cap of US$6.5 million and (if applicable) tested on the EA5 Prospect area up to a total limit of US$7.5 million;

- The parties will fund all direct expenditure on the first well in excess of the respective caps in accordance with their respective interests;

- Following notice from Neptune of reaching the objective depth or receipt of notice of completion of testing (if applicable), Global will notify Neptune whether it wishes to extend to drill a second well;

- In the event the Global does so elect, Neptune shall assign to Global a further 25% participating interest (total of 50%).

- If Global elects to drill a second well then the Company will be responsible for 100% of the funding for the direct costs of the second well to be drilled and, if appropriate, tested. The testing is limited to 2 days per zone, unless otherwise agreed.

- If Global elects not to drill a second well, then Global can elect to remain liable for its 25% participating interest share of the cost of the second well or withdraw from its 25% participating interest altogether at its discretion.

- The Farm In Agreement and other relevant documentation are subject to a condition precedent that the proposed overall arrangement between Global, Tower and Neptune shall be approved by the appropriate Ugandan Ministry, and any other regulatory approvals required.

**Competent Person's Report**

Global engaged RPS Energy Pty Ltd ("RPS") to complete an independent evaluation and prepare a Competent Person's Report ("CPR") regarding the prospectivity of EA5 Uganda and requested advice from RPS regarding the suitability of the terms of the transaction based on the current petroleum prospectivity of the acreage. The prospectivity of the block was based on the standards outlined in the 2007 SPEIWPCIAAPGISPEE Petroleum Resource Management System.

The conclusions reached by RPS (refer the attached Letter of Opinion dated 19 November 2008) were as follows:

- The main elements indicative of working petroleum systems, namely potential source rocks, reservoir rocks and seals appear to be present.

- The critical play risk and key to the success within the block depends upon the maturation and expulsion of oil from the known source rock. Modelling of oil generation shows great sensitivity to both the amount of uplift-erosion and the level of heat flow through time. However, the geochemical analysis is encouraging for present day expulsion.

- Onshore Uganda, is still relatively under explored and as yet not fully understood. However, the Blocks to the south of EA5 have had a remarkable period of success with a 100% exploration and appraisal success rate since mid 2006. There is clearly a working hydrocarbon system with multiple trap and reservoir possibilities in these Blocks. There is a reasonable chance that EA5 could encounter similar prospectivity.

- Detailed evaluation of EA5 and an assessment of the risked value lead to a conclusion that the farm in terms as proposed are fair and reasonable.

RPS is a leading international consultancy group providing a comprehensive range of technical services and economical analysis to the petroleum industry with offices located in the UK, Ireland, the Netherlands, Poland, the United States, Canada, Australia and South East Asia. Except for the provision of professional services on a fee basis, RPS does not have a commercial arrangement with any other person or company involved in the interests that are the subject of the CPR.

**Risks**

As outlined above, prior to the Company executing the Farm In Agreement, Global conducted a detailed review and assessment of the information available in respect of the EA5 Prospect.

However shareholders and potential investors should note that the usual risks associated with undertaking exploration and development activities of large scale projects in the oil and gas sector still remain. Risks associated with the work Global will undertake at EA5 include but are not limited to the following:

*Regulation in Uganda – Exploration and Production*

Oil and gas exploration, production and related operations are subject to extensive rules and regulations promulgated by the Ugandan government. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the Company's cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with such laws.

Permits are required by the government for drilling operations, drilling bonds and the filing of reports concerning operations and they impose other requirements relating to the exploration and production of oil and gas.

*Regulation in Uganda – Environmental*

Various government regulations in Uganda govern the discharge of materials into the environment, or otherwise relating to the protection of the environment, health and safety, affect operations and costs. These laws and regulations sometimes require governmental authorisation before conducting certain activities, limit or prohibit other activities because of protected areas or species, create the possibility of substantial liabilities for pollution related to operations or properties and provide penalties for non-compliance. In particular, drilling and production operations, activities in connection with storage and transportation of crude oil and other liquid hydrocarbons and use of facilities for treating, processing or otherwise handling hydrocarbons and related exploration and production wastes are subject to stringent environmental regulation.

As with the industry in general, compliance with existing and anticipated regulations increases the overall cost of business. While these regulations affect capital expenditures and earnings, the Company believes that such regulations will not affect its competitive position in the region because environmental regulatory programs similarly affect competitors. Environmental regulations throughout the world have historically been subject to frequent change and, therefore, the Company cannot predict with certainty the future costs or other future impacts of environmental regulations on future operations. A discharge of hydrocarbons or hazardous substances into the environment could subject the Company to substantial expense, including the cost to comply with applicable regulations that require a response to the discharge, such as containment or cleanup, claims by neighbouring landowners or other third parties for personal injury, property damage or their response costs and penalties assessed, or other claims sought, by regulatory agencies for response cost or for natural resource damages.

*Exploration and Development Risks*

Oil and gas exploration involves significant risk only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high costs of discovery and development of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing, foreign currency fluctuations and technical problems all affect the ability of a company to profit from a discovery.

There is no assurance that exploration and development of the EA5 Prospect being farmed in to by the Company, will result in the discovery of an economic oil deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Furthermore, the Company will only proceed to the next stage of exploration or development when data supports the existence of an economically viable oil deposit. Should the empirical data not support the existence of an economically viable oil deposit, the Company will generally not proceed to the next stage of exploration.

*Drilling and Operating Risks*

Oil and gas drilling activities are subject to numerous risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortage or delays in the delivery of rigs and/or other equipment and compliance with governmental requirements. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells, which, through yielding some oil, are not sufficiently productive to justify commercial development or cover operating costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Hazards incidental to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures, oceanographic conditions or other factors are inherent in drilling and operating wells and may be encountered by the Company.

Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gasses, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction or property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company. Although the Company believes that it or Neptune will carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's or Neptune's insurance may not cover or be adequate to cover the consequence of such events. In addition, the Company may be subject to liability for pollution, blow-outs or other hazards against which the Company or Neptune does not insure or against which it may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates that it considers reasonable.

*Ability to Exploit Successful Discoveries*

It may not always be possible for the Company to participate in the exploitation of any successful discoveries which may be made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. As described above, such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

*Joint venture parties and contractors*

The Farm In will be operated by Neptune. Where a joint venture partner does not act in the best commercial interest of the joint venture, it could have a material adverse effect on the interests of the Company.

Furthermore, the Directors are unable to predict the risk of:

- financial failure, non compliance with obligations or default by a participant in any joint venture to which the Company is, or may become, a party; or
- insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities; or
- insolvency or other managerial failure by any of the other service provider used by the Company for any activity.

*Joint and Several Liability*

Participants in the Production Sharing Agreement are jointly and severally liable to the Ugandan government for liability arising under the EA5 lease. The contractual arrangements between the participants provide that the participants liability is several as between the participants. If Global elects to drill the second well, it will become a party to the Production Sharing Agreement and thereafter if the Ugandan government makes a claim it will be on a joint and several basis and the Company will need to rely on its ability to call on the indemnity between it and the other participant to the extent of the liability to the participating interests of the other parties.

*Markets*

The marketability of the Company's production depends in part upon the availability, proximity and capacity of natural gas gathering systems, pipelines and processing facilities. Government regulation of oil and natural gas production and transportation, tax and energy policies, changes in supply and demand and general economic conditions all could adversely affect the ability to produce and market oil and natural gas.

*Future Capital Needs and Additional Funding*

The future capital requirements of the Company will depend on many factors including the results of joint venture operations, future exploration and work programs and the acquisition of new projects.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

*Changes in Legislation and Government Regulation*

Changes to legislation in Australia and Uganda, including changes to the taxation system, may affect future earnings and the relative attractiveness of investing in the Project. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

*Foreign Exchange Risk*

The Company's revenues, cash inflows, expenses, capital expenditure and commitments in relation to the EA5 Prospect will be primarily denominated in United States dollars. To comply with Australian reporting requirements for Global, the income, expenditure and cash flows will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the price of oil and gas and the rate of exchange between the United States dollar and the Australian dollar, as determined in international markets.

Furthermore, no hedging strategy has yet been developed by the Company. This may result in Global being exposed to the effects of the change in currency (exchange rate) risk, which may have an adverse impact on the profitability and/or financial position of the Company.

*Sovereign risk*

The Company's Ugandan Farm In Agreement with Tower is subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.
Any future material adverse changes in government policies or legislation in Uganda that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

*Legal systems in Uganda*

The legal systems operating in Uganda are different to those operating in Australia and this may result in risk such as:

1. difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;

2. a higher degree of discretion on the part of governmental agencies;

3. the lack of political or administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights;

4. inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or

5. different attitudes of the judiciary and court in such matter.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, license application or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

**AIM Requirements**

Global and Tower have three directors in common, Mark Savage, Peter Blakey and Peter Taylor – the latter two have significant shareholdings in both companies and Mr Savage is Tower's largest single shareholder. Global has received legal advice and, having also consulted with their nominated adviser, Blue Oar Securities Plc, consider the terms of the Farm In Agreement to be fair and reasonable insofar as its shareholders are concerned.

**Timing**

Neptune expects the rig to be available from February 2009 and also expects approval of the Environmental Impact Assessment in good time to meet rig availability. Neptune has advised that it is also in a position to award all contracts with relevant suppliers as soon as the relevant regulatory approvals have been given. It is anticipated that drilling will begin on Iti-1 no later than March 2009.

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Project Ref: ACI02073.01

19 November 2008

Gentlemen,

**Re. Letter of Opinion on the Farm in Terms of Block EA5, Uganda**

In response to your request, RPS Energy Pty Ltd ("RPS Energy") has completed an independent evaluation and prepared a Competent Person's Report ("CPR") regarding the prospectivity of Block EA5 Uganda, which is held by Tower Resources plc. Tower Resources plc and Global Petroleum Ltd are jointly considering the basis on which Global Petroleum Ltd ("Global") will farm-in to Block EA5 in Uganda. The block is currently held 100% by Tower Resources plc's wholly owned subsidiary, Neptune Petroleum Ltd. Global Petroleum Ltd have requested advice from RPS Energy Pty Ltd regarding the suitability of the terms of the transaction based on the current petroleum prospectivity of the acreage. The prospectivity of the block was based on the standards outlined in the 2007 SPEIWPCIAAPGISPEE Petroleum Resource Management System.

The proposed terms of the farm-in are as follows

- Global to earn a 25% working interest by fully funding the direct operational costs of one well - with a cap of US$6.5 million for a dry hole and US$7.5 million for a successful tested well - plus an option to fund the second well to earn another 25% working interest.

**Current Fiscal Regime and Contract Terms**

The Block EA5 Production Sharing Agreement was signed in September 2005. The exploration period in Block 5 is six years in duration and is subdivided into three sub-periods of two years each. The development period lasts for an initial 25 years and can be extended for an additional five years if necessary. The minimum work obligations are as follows:



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Sub-period 1 BLOCK EA5

- Undertake geological, geochemical, geophysical and related studies and review all existing data and information available
- Acquire, process and interpret not less than 200km seismic data
- [Minimum exploration commitment US$700,000]
- Tower was granted a six month extension to the first sub-period, to March 2008

Sub-period 2

- Drill 1 firm exploration well
- Drill 1 contingent exploration well
- [Minimum exploration commitment US$1,500,000]

Sub-period 3

- Acquire, process and interpret additional seismic data [Minimum exploration commitment US$1,000,000]
- Drill 1 firm and 1 contingent exploration well [Minimum exploration commitment US$3,000,000]

Two firm prospects and three leads have, to date, been identified and evaluated. All are characterised as footwall fault block traps interpreted from gravity and a limited amount of seismic data. Further potential leads and prospects are expected, particularly along the eastern edge and in the northern part of the basin, following supplementary data acquisition.

Full details of the volumetric assessment, risking, and economic analysis are presented in our CPR, which is titled “Competent Person Report on the Block EA5, Uganda” 19th November 2008.

**Conclusions**

- The main elements indicative of working petroleum systems, namely potential source rocks, reservoir rocks and seals appear to be present.
- The critical play risk and key to the success within the block depends upon the maturation and expulsion of oil from the known source rock. Modelling of oil generation shows great sensitivity to both the amount of uplift-erosion and the level of heat flow through time. However, the geochemical analysis is encouraging for present day expulsion.
- Onshore Uganda, is still relatively under explored and as yet not fully understood. However, the Blocks to the south of EA5 have had a remarkable period of success with a 100% exploration and appraisal success rate since mid 2006. There is clearly a working hydrocarbon system with multiple trap and reservoir possibilities in these Blocks. There is a reasonable chance that EA5 could encounter similar prospectivity.
- Detailed evaluation of EA5 and an assessment of the risked value leads us to conclude that the farm in terms as proposed are fair and reasonable.

## .Qualifications

RPS Energy Pty Ltd is an independent consultancy specialising in petroleum reservoir evaluation and economic analysis. Except for the provision of professional services on a fee basis, RPS Energy does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report. Mr. David R. Guise, Managing Director, Australia / S.E. Asia of RPS Energy, has reviewed and subsequently approved the results of the evaluation.

## Basis of Opinion

The evaluation presented in this report reflects our informed judgement based on accepted standards of professional investigation, but is subject to generally recognised uncertainties associated with the interpretation of geological, geophysical and engineering data. The evaluation has been conducted within our understanding of petroleum legislation, taxation and other regulations that currently apply to these interests. However, RPS Energy is not in a position to attest to the property title, financial interest relationships or encumbrances related to the property.

It should be understood that any evaluation, particularly one involving exploration and future petroleum developments may be subject to significant variations over short periods of time as new information becomes available.

Yours faithfully,

RPS Energy

David R. Guise
Managing Director - Consulting,
Australia / S.E. Asia