



**GLOBAL PETROLEUM LIMITED**

**ANNUAL REPORT - 2002**

**ABN 68 064 120 896**

## Directors

John Armstrong – Chairman  
Peter Blakey  
Alan Burns  
Mark Savage  
Peter Taylor

## Secretary

Bruce Clarke

## Registered and Principal Office

Level 9  
46 Edward Street  
Brisbane QLD 4000  
Australia

## Share Register

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Australia  
Telephone: (61 8) 9323 2000  
Facsimile: (61 8) 9323 2033

## Solicitors

Blakiston & Crabb  
1202 Hay Street  
West Perth WA 6005  
Australia

## Auditor

Stanton Partners  
Level 1, 1 Havelock Street  
West Perth WA 6005  
Australia

## Bankers

Australia and New Zealand Banking  
Group Limited  
Level 3  
324 Queen Street  
Brisbane QLD 4000  
Australia

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## Stock Exchange Listing

Global Petroleum Limited (formerly Apollo Group Limited) shares are currently under voluntary suspension from the Australian Stock Exchange (Symbol: GBP), pending finalisation of the capital-raising covered in the Prospectus dated 31 May 2002 and the Supplementary Prospectus dated 28 August 2002. The Company successfully closed its Offer on 4 October 2002, and has received from the ASX a formal request for information prior to reinstatement to official quotation, which the Company can comply with. The Company has now complied with all conditions precedent to the Share Sales Agreement with Vendors and also received executed share transfer forms from all Vendors, resulting in settlement under the Agreement.

Subject to final ASX approval, the Company now expects that reinstatement to official quotation of the Company's securities can be accomplished by mid-November.

## Home Exchange: Perth Office

Australian Stock Exchange  
2 The Esplanade  
Perth WA 6000  
Australia

## **The Company**

Global Petroleum Limited is an Australian based oil and gas company which has just completed a successful capital raising enabling the Company to proceed with its proposed capital consolidation and property acquisitions.

As a result, Global will have oil and gas exploratory projects in Kenya, Montenegro, the Falkland Islands and Fiji, and a minerals exploration project in the Falkland Islands.

The Company has made applications for several petroleum prospective areas in Queensland Australia.

It is Global's intention to investigate and acquire further high value adding international petroleum projects and new Queensland projects with particular emphasis on those which have the potential for early returns.

## **Past Year**

- Restructured capital and successfully raised funds to acquire prospective international oil and gas projects in Kenya, Montenegro, Falklands and Fiji
- Company's name changed to Global Petroleum Limited
- Company's activities changed to oil and gas exploration
- Applied for Queensland Petroleum Authorities to Prospect (Sep 2002)
- Established Head Office in Brisbane, Queensland
- Appointed Dr John Armstrong as Executive Chairman

## **Year Ahead**

- Montenegro – new seismic survey to define prospects for 2003/2004 drilling;
- Kenya – Operator is planning a new seismic survey to define prospects for possible 2004 drilling;
- Falkland Islands – study of technical seismic and well data to plan new seismic survey in 2003 or early 2004;
- Fiji – study of technical information to enable Company to develop a plan for these licences;
- Queensland – seek award of licences arising from September 2002 applications;
- Falkland Islands Minerals – follow up work to minerals indications in several areas;
- Acquire value adding projects with emphasis on Queensland projects which offer potential for early returns.
- Provide regular reports to Shareholders on project progress and new initiatives.

## EXECUTIVE CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present to you the first Annual Report of Global Petroleum Limited which covers a period of important changes to the Company leading up to its targeted re-listing on the Australian Stock Exchange in November 2002.

On 10 April 2002 and at the request of the Directors, the Company was suspended from the ASX. This was to enable the Directors to obtain shareholder approval for the change in the Company's activities put before a shareholders meeting held in Perth on 31 May 2002. The proposals included consolidating the Company's capital on a 1 for 25 basis; a change in the Company's activities to oil and gas exploration (from minerals exploration) and the conditional acquisition of 67% of Dampier Oil Limited (in addition to the 33% of Dampier Oil Limited purchased by Global in October 2001), and 100% of Star Petroleum Plc subject to completion of the capital raising and re-listing. Star and Dampier are the companies which hold the Company's project interests in Kenya and Montenegro, and the Falkland Islands and Fiji respectively.

As a result of the successful capital raising, the Company has now finalised all the consequential matters with the Vendors and other parties referred to in the Prospectus dated 31 May 2002, and Supplementary Prospectus dated 28 August 2002, resulting in settlement under the Share Sales Agreement. The Company now has sufficient funds to progress the projects set out in those Prospectuses although we will now be seeking farm-in parties to help share the risks and costs at an earlier stage than originally anticipated in the Falkland Islands, Montenegro and Fiji.

Our challenge is to move out of the phase of corporate reconstruction and upheaval and to begin to progress the Company's projects as operator in Montenegro, the Falkland Islands, Fiji and Queensland and through Dana, as operator of our Kenya project, to unlock the very significant potential value which we see in these areas. This is especially the case in Kenya where the operator has identified numerous "prospects" and leads with potential DHI's evident on several of them. A DHI is a Direct Hydrocarbon (Petroleum) Indication and when, and as in our Kenyan areas, they are found in association with potential petroleum traps, they are very encouraging. Most of the Kenyan seismic data is over 20 years old and the seismic surveys that Dana, as operator, plans to record next year will hold particular interest for us.

A number of factors, including the delay in the closing of the capital-raising, the matters referred to in the Supplementary Prospectus and a change in the ownership of the Montenegro partner, JPK, will now most likely result in a delay of the seismic survey to 2003.

In the original Prospectus and later in the Supplementary Prospectus, I referred to our intention to seek participation in early value creation projects in Australia. We have begun to do this through our applications in September this year for several areas in the Surat Basin in Queensland. We plan to continue to acquire projects which have the potential for early income for the Company to complement what we believe is the very significant potential upside in shareholder value available through our international projects. In regard to new projects, the Board will consider the appropriate funding approach depending on the merits and characteristics of each project.

Our mineral interest in the Falkland Islands is at an interesting stage, with work over the coming months designed to highlight the potential value for the Company. We plan to investigate how to create value for the shareholders of the Company possibly by separating these interests from Global.

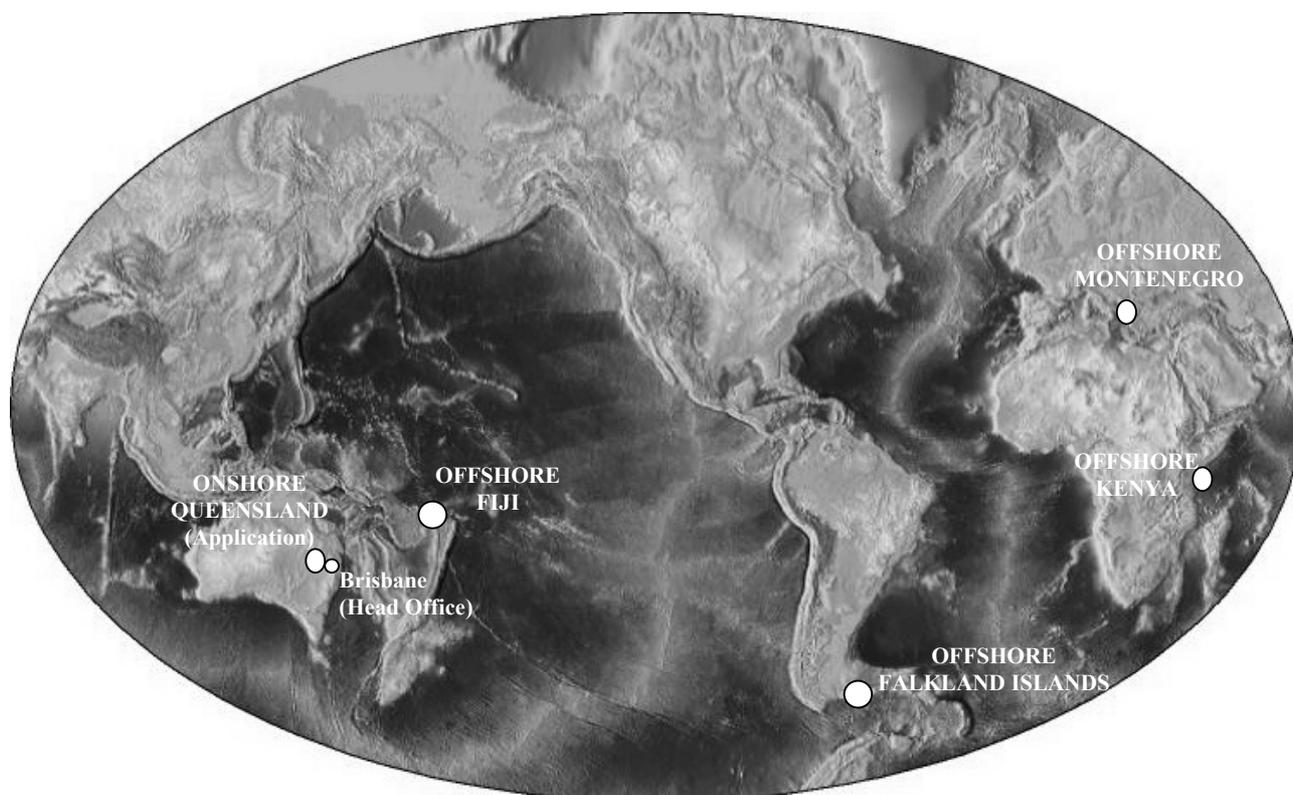
The restructuring of a company in an environment of international market downturn has not been easy. Nonetheless, I thank you for staying with us – we hope that through our re-listing and our focus now on pushing forward on all of our projects and ideas, that in the coming 12 months we will begin to extract and establish the value that as shareholders we all are seeking – we certainly have an interesting period before us. We will make every effort to keep you up to date via our website.

Yours sincerely



John Armstrong  
Executive Chairman  
21 October 2002

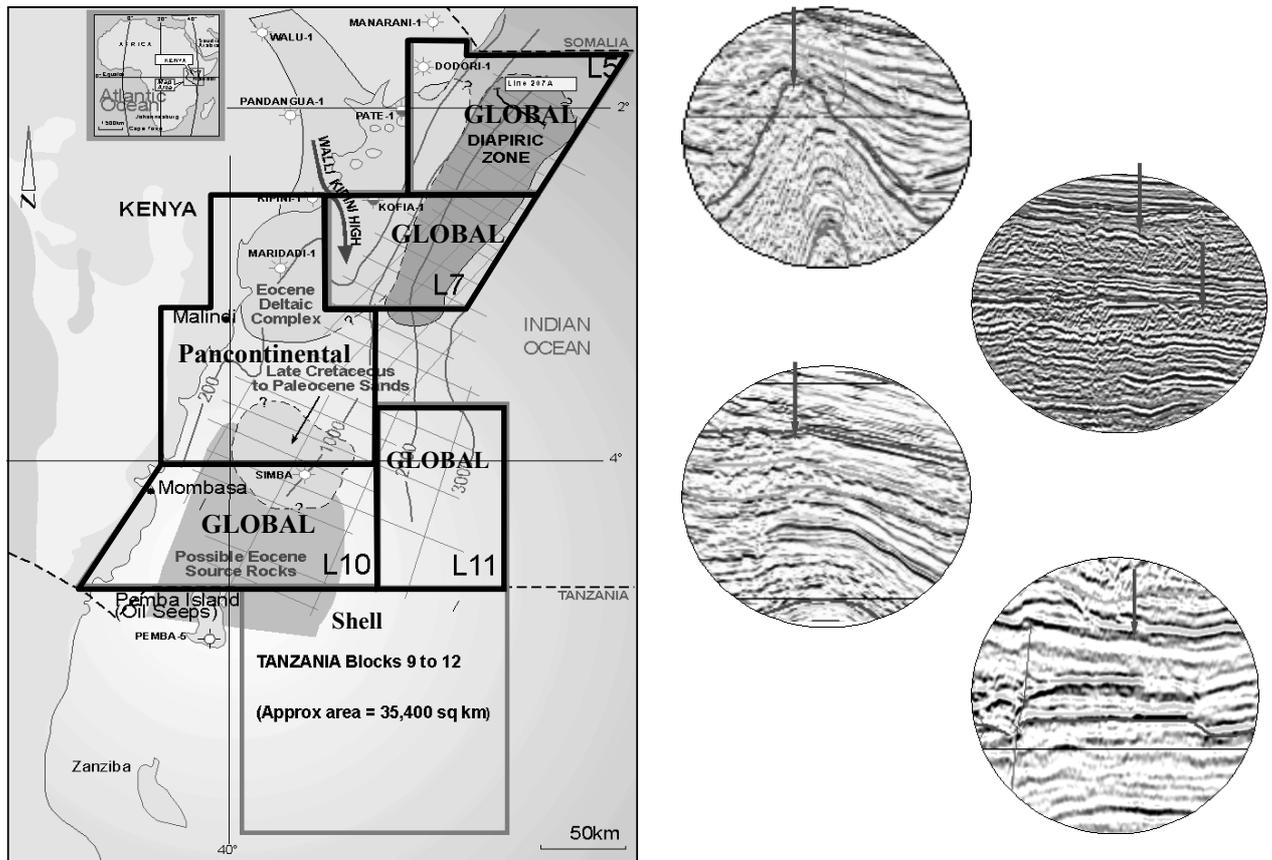
## Global Petroleum Projects



	<b>Operator</b>	<b>Global (%)</b>	<b>Global Nett Area (sq km)</b>
Kenya	Dana	20	8,967
Montenegro	Global	100	5,200
Falklands	Global	50	28,883
Fiji	Global	100	52,416
Queensland Applications	Global	100	10,000

The information on the status of Projects in the following pages should be read in conjunction with the note “Stock Exchange Listing” on the inside front cover.

**Kenya (Blocks L5, L7, L10, L11)**

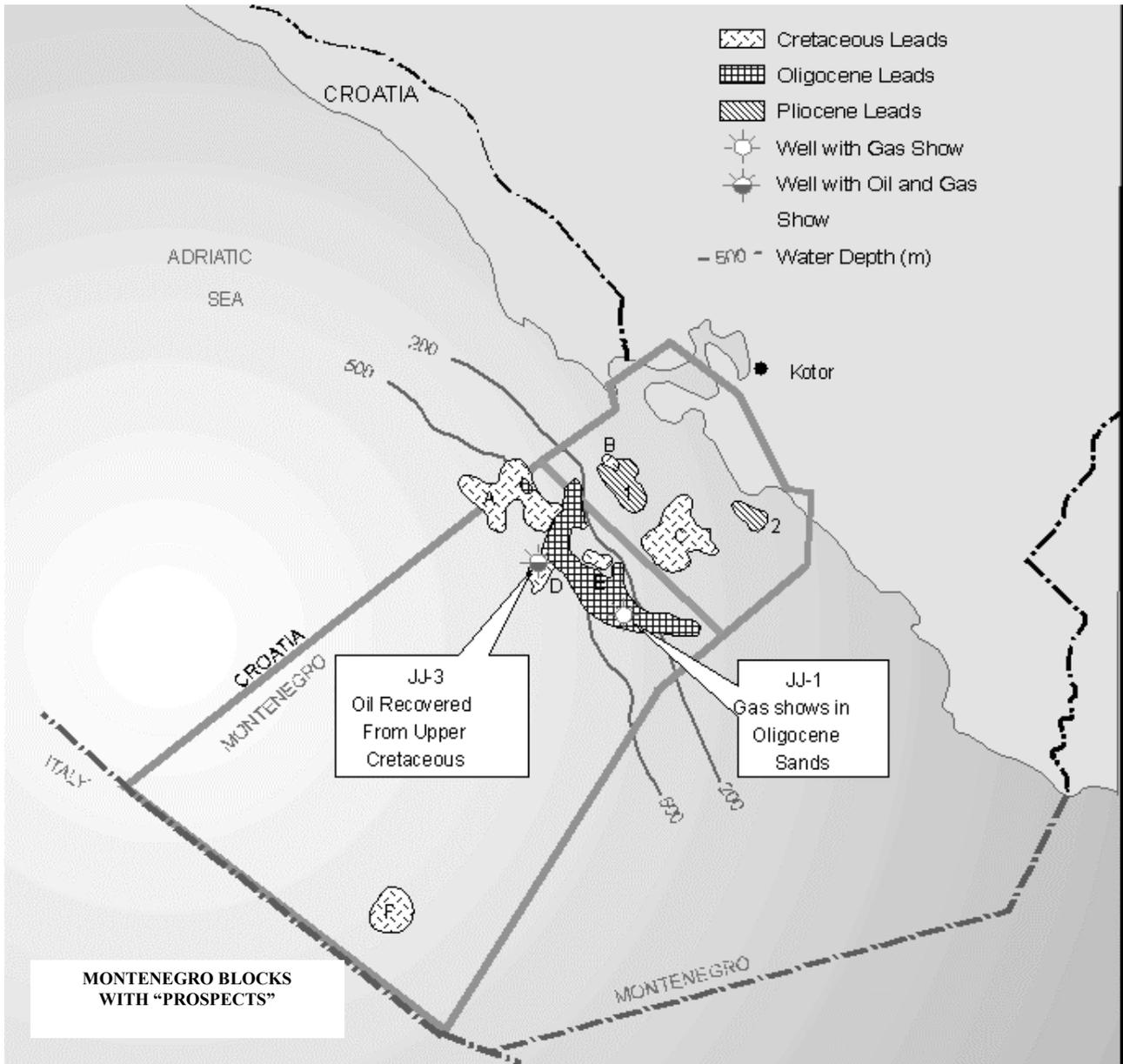


Global will have 20% equity in four blocks in Kenya – the other 80% being held by Dana who is operator of the project.

Mapping by Dana continues to confirm the existence of 50 to 80 undrilled “prospects” in these four offshore blocks with the “prospects” ranging in individual size from 1,500 to over 100,000 acres. There are a number of Direct Hydrocarbon (Petroleum) Indicators (DHI’s) on the 20 year old seismic which are very encouraging as they generally are associated with potential petroleum “prospects”. Some examples of these DHI’s are shown on the right above . Costs associated with the Company’s 20% equity in these areas including new seismic work and the drilling and testing of two wells are being fully carried by Dana. Dana is investigating the availability of contactors to record new seismic surveys in the First Quarter of 2003.

It is encouraging that Shell has applied for areas in Tanzania which abut the southern two of the Company’s Kenya blocks.

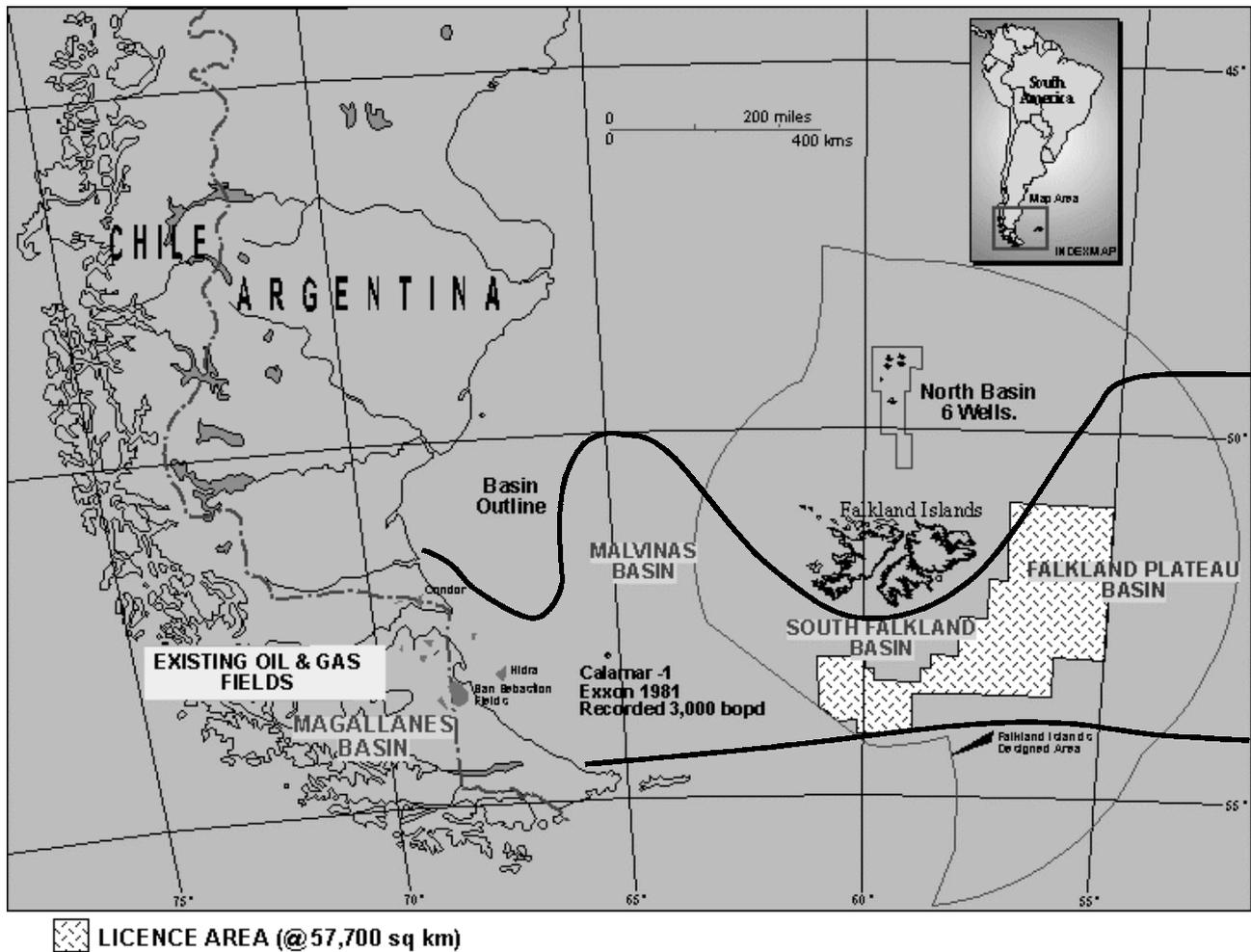
**Montenegro (Blocks 1 & 2)**



Global will have 100% equity in and operatorship of these licences, subject to the State’s petroleum entity, Jugopetrol AD Kotor (JPK) having the option to take a 49% interest at the commencement of a development.

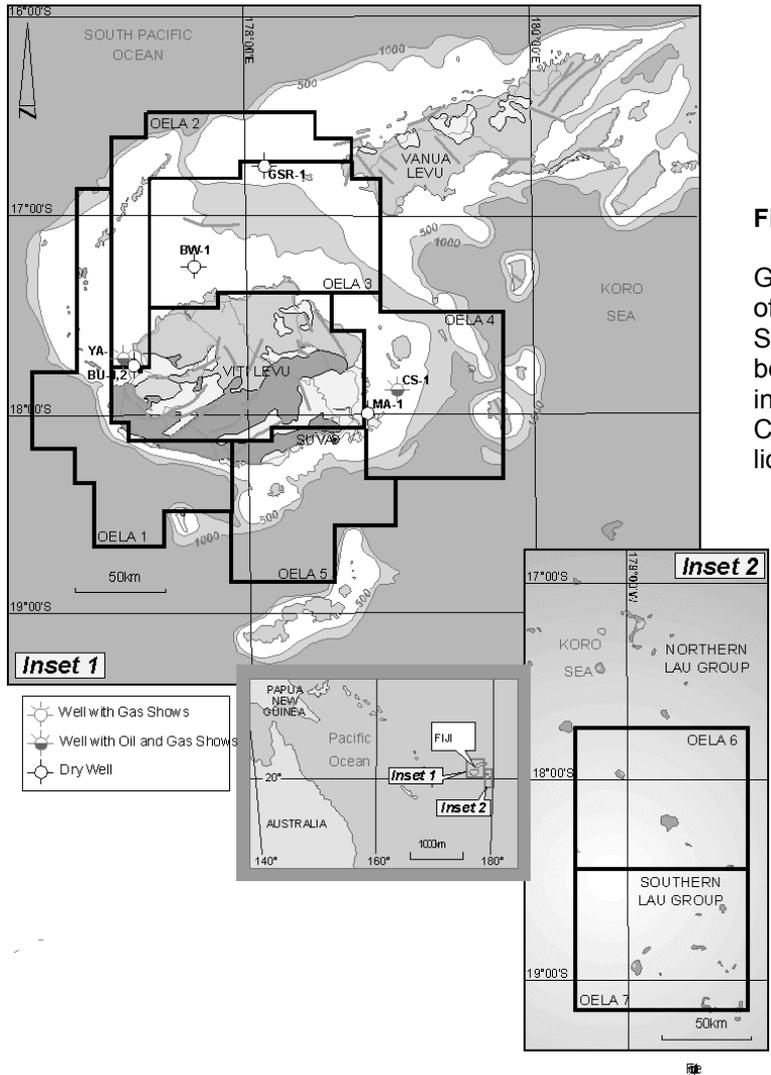
Tender documents for the late 2002 seismic survey were issued in July and tenders from 3 seismic contractors have been received. This survey will enable the Company to investigate “prospects” associated with the oil recovery (183 barrels of 23.8° API oil) and gas shows in the JJ-3 and JJ-1 wells respectively, with a view to farming out equity to another company targeting drilling operations late in 2003 or in 2004

**Falkland Islands**



Global will have 50% equity and operatorship in ten Licences offshore south and east of the Falkland Islands. Global's Joint Venture partners here are Hardman Resources Ltd (30%) and The Falklands Islands Company Limited (20%). The licences are on trend with the geological environment which contain the Calamar No. 1 oil discovery in the Malvinas Basin and the producing fields in Argentina. The company is negotiating to purchase 6,400 km of seismic data which will be reviewed in the fourth quarter of this year and early 2003 to identify prospective areas where new seismic can be obtained to define prospects for drilling.

**Fiji (OELA 1/2002 to 7/2002)**



**Fiji**

Global will have 100% and operatorship of seven offshore Licences in Fiji. Seismic and well data and reports have been purchased and these will be studied in the coming months to enable the Company to develop a plan for these licences.

**Queensland**

The Company has applied 100% for a number of areas totalling some 10,000 sq km in the Surat Basin in Queensland. It is planned to continue to seek additional permits in the known petroleum basins of Queensland to provide the Company with a portfolio of lower risk early return projects.

**Falkland Minerals Licence**

Global will have a 25% working interest and be Technical Manager of a Minerals Licence which covers the entire Falkland Islands, with the right to increase to 33 1/3% equity through the expenditure of £50,000 by 31 October 2003. Results of work during the past three years indicate several areas of interest for gold, platinum, palladium, rare earths, titanium and an area with potentially kimberlitic indicator minerals. It is planned to continue work on the Shepherds (gold, platinum, palladium), Mt. Osborne (gold, titanium) and Verde (gold) prospects and obtain trench (Shepherds) and bulk (Verde) samples for assay and to conduct a ground magnetometer survey in the Mt. Osborne area which is a potential epithermal source of some of the alluvial gold grains will have been found. Results of the new work are anticipated by mid 2003. By that time, the Joint Venture will consist of Global (33 1/3%), the Falkland Islands Company (33 1/3%) and Cambridge Mineral Resources Plc (33 1/3%).

### Schedule of Permits

Country	Licence No.	Area Km <sup>2</sup> (gross)	Location	Global %
Kenya	L5	11,571	Offshore Lamu Basin	20
Kenya	L7	9,155	"	20
Kenya	L10	14,167	"	20
Kenya	L11	9,943	"	20
Montenegro	Block 1	1,300	Adriatic Sea	100
Montenegro	Block 2	3,900	Adriatic Sea	100
Falkland Islands	PL008	7,719	Falkland Plateau Basin	50
Falkland Islands	PL009	7,719	Falkland Plateau Basin	50
Falkland Islands	PL010	5,272	Falkland Plateau Basin	50
Falkland Islands	PL011	7,550	Falkland Plateau Basin	50
Falkland Islands	PL012	7,550	Falkland Plateau Basin	50
Falkland Islands	PL013	6,419	South Falkland Basin	50
Falkland Islands	PL014	5,147	South Falkland Basin	50
Falkland Islands	PL015	2,967	South Falkland Basin	50
Falkland Islands	PL016	3,711	South Falkland Basin	50
Falkland Islands	PL017	3,711	Falkland Plateau Basin	50
Fiji	OELA 1/2002	8,073	Baravi Basin	100
Fiji	OELA 2/2002	6,552	Bligh Water Basin	100
Fiji	OELA 3/2002	8,190	Bligh Water Basin	100
Fiji	OELA 4/2002	7,137	Bau Water Basin	100
Fiji	OELA 5/2002	6,084	Suva Basin	100
Fiji	OELA 6/2002	8,190	Lau Ridge	100
Fiji	OELA 7/2002	8,190	Lau Ridge	100
Falkland Islands Onshore Minerals	Prospecting Licence	12,173	Entire Onshore area of the Falkland Islands	18 <sup>1</sup> / <sub>3</sub> *

\* Holding will increase by an additional 7½% at end of October 2002 and to a total 33⅓% in October 2003.

## Glossary

ASIC

Australian Securities and Investments Commission.

ASX

Australian Stock Exchange Limited (ACN 008 624 691)

bbl

Barrel. One barrel equals 42 U.S. gallons, 35 Imperial gallons, or approximately 159 litres.

bcf

1,000,000,000 cubic feet of natural gas.

Basin

A segment of the earth's crust which has downwarped, and in which sediments have accumulated; such areas may contain hydrocarbons.

boe

Barrel of oil equivalent.

boepd

Barrel of oil equivalent per day.

Bopd

Barrel of oil per day.

Closure (structural)

In a subsurface fold, dome, fault block, or other structural trap; the vertical distance between the structure's highest point and its lowest closed structural contour; reservoirs within closure are potential sites or traps for oil or gas accumulations.

Condensate

Hydrocarbons, often found with natural gas, which are themselves gases in the reservoir but which condense out to liquids when the pressure drops during production.

Crude oil

A mixture of hydrocarbons occurring naturally in underground deposits; the basic feedstock for petroleum refineries.

Deep water

Water depths greater than 200m.

Diapir

A dome or anticlinal fold in which the overlying rocks have been ruptured by the intrusion of salt or other plastic core material.

OELA

Offshore exploration licence area.

Farmin, farmout, farminee, farmor

A joint venture in which an incoming (farmin) partner (farminee) earns an interest in a property by funding costs of exploration, while the (farmout) partner (farmor) owning the property does not contribute.

Fault

A break in the subsurface strata; strata on opposite sides of a fault may be displaced vertically and/or laterally relative to their original position.

Fault trap

Hydrocarbon trap which relies on the termination of the reservoir against a seal, due to fault movement.

GIIP

Gas initially in place.

#### Hydrocarbon

A class of naturally-occurring organic compounds containing only carbon and hydrogen atoms (in practice, small quantities of sulphur, oxygen and nitrogen and their compounds may also be present); hydrocarbons include natural gas, liquefied petroleum gas, natural gas condensate and crude oil.

#### Lead

A potential petroleum trap which has been identified but has not been adequately defined for drilling.

#### Listing Rules

The official listing of ASX.

#### m

Metre.

#### mmbbl

One million barrels.

#### mmbo

One million barrels of oil.

#### mmboe

One million barrels of oil equivalent.

#### mmcf

One million cubic feet of natural gas.

#### Net pay

The cumulative thickness of porous and permeable reservoir beds within an overall hydrocarbon column in a structure.

#### Operator

The member of an exploration joint venture of two or more exploration companies which has been appointed to carry out all operations on behalf of the parties.

#### OWC

Oil water contact.

#### Permeability

The degree to which fluids such as oil, gas and water can move through the pore spaces of a reservoir rock.

#### Permit

A petroleum tenement, lease, licence or block.

#### Petroleum

General term for all phases of naturally-occurring hydrocarbons.

#### Play

a geological concept which, if proved correct, could result in the discovery of hydrocarbons.

#### Prospect (petroleum)

A geological or geophysical anomaly that has been surveyed and defined, usually by seismic data, to the degree that its configuration is fairly well established, and on which further exploration such as drilling can be recommended.

#### PSC

Production Sharing Contract grants the holder exploration and production rights over an area.

#### Reserves

Quantities of economically recoverable petroleum estimated to be present within a trap, classified as proven, probable or possible.

#### Reservoir

A subsurface volume of rock of sufficient porosity and permeability to permit the accumulation of crude oil and natural gas under adequate trap conditions.

#### STOIIP

Stock Tank oil initially in place.

#### Salt structures

Structures formed by the plastic deformation of underlying beds of salt e.g. salt anticlines, salt domes.

#### Sandstone

A sedimentary rock which is generally composed essentially of sand-sized quartz grains.

#### Seal

an impervious layer over a reservoir which prevents escape of fluids.

#### Section

A general term used to refer to a sequence of sedimentary rocks, eg "sedimentary section", "Mesozoic section", etc.

#### Sediment

Solid material, whether mineral or organic, which has been moved from its position of origin and redeposited.

#### Seismic survey

A type of geophysical survey where the travel times of artificially created seismic waves are measured as they are reflected in a near-vertical sense back to the surface from subsurface boundaries. This data is typically used to determine the depths to the tops of stratigraphic units and in making subsurface structural contour maps and ultimately in delineating prospective structures.

#### Seismic (2D)

A seismic survey made up of widely spaced lines of data.

#### Seismic (3D)

A seismic survey made up of very closely spaced data whereby a "3D" image can be processed.

#### Seismic reprocessing

The use of the latest computer processing technology to improve the quality of older seismic data.

#### Shale

Fine-grained sedimentary rock characterised by finely-laminated structure.

#### Sq km

Square kilometer, equal to 247.1 acres.

#### Stratigraphic trap

A type of petroleum trap which results from variations in the lithology of the reservoir rock, which cause a termination of the reservoir, usually on the up-dip extension.

#### Stratigraphy

The succession or superimposition of rock strata.

#### Structure

A discrete area of deformed sedimentary rocks, in which the resultant bed configuration is such as to form a potential trap for migrating hydrocarbons.

#### Surat Basin

A sedimentary basin of Jurassic to Cretaceous age in southern Queensland and northern New South Wales.

#### TCF

Trillion cubic feet.

#### Trap

A body of reservoir rock, vertically or laterally-sealed, the attitude of which allows it to retain hydrocarbons which have migrated into it.

#### TWT

Two way time (seismic measurement).

#### UK

United Kingdom.

## **DIRECTORS' REPORT**

**30 June 2002**

The Directors of Global Petroleum Limited (formerly known as Apollo Group Limited) present their report on the consolidated entity of Global Petroleum Limited ("the Company" or "Global Petroleum") and the entities it controlled during the year ended 30 June 2002 ("Consolidated Entity").

### **Directors**

The following persons held office as Directors of Global Petroleum Limited during the financial year and until the date of this report:-

#### **Dr John Armstrong PhD, BSc (1st Hons) Geo.**

**Age – 58**

**Executive Chairman**

Dr Armstrong joined Global in June 2002. Dr Armstrong has had a 30 year career in the upstream oil and gas industry – most recently as a General Manager of Santos and before that as Exploration Manager for UNOCAL's Indonesian Operations. He has a successful track record of finding and developing oil and gas fields. Dr Armstrong played an important role in growing Santos from a small local gas company to a company with operations throughout Australia and internationally.

#### **Mr Peter Blakey BSc CEng**

**Age – 61**

#### **Mr Peter Taylor, BSc CEng**

**Age - 55**

Mr Blakey and Mr Taylor are Joint Chairmen of TM Services Ltd, an international oil and gas consulting company. In 1991, they were founder members and Directors of TM Oil Production Ltd, which is now Dana Petroleum (E&P) Ltd a fully London listed oil and gas company and one of the UK's leading independents. They were also founder members and Directors of Consort Resources Ltd, which over the past 18 months has become a significant North Sea gas production company, and of Planet Oil which was merged with Hardman Resources in 1998.

Mr Blakey and Mr Taylor were appointed as directors of the Company on 4 October 2001.

#### **Mr Alan R. Burns**

**Age – 61**

Mr Burns began his career in the oil industry in 1974, and since then, either privately or as the Managing Director of a public company, has participated in significant petroleum industry activity in Australia including several discoveries which became producing oil and gas fields. In 1987, he was a foundation director of Hardman Resources NL and he is now Chairman of Hardman.

Mr Burns was appointed a Director of the Company on 4 October 2001.

#### **Mr Mark S. Savage B.Bus**

**Age – 45**

Mr Savage was born and educated in the United States of America where received a business degree from the University of Colorado and was a senior executive for a number of US banks before he joined an Australian based merchant bank and completed the Securities Institute of Australia course. Mr Savage has experience in debt and equity markets as well as in the corporate advisory area. He has held directorships with a number of public companies.

Mr Savage was appointed a director of the Company on 22 November 1999.

#### **Cale W Carson**

**Director**

Mr Carson is a citizen of the United States of America where he gained a degree from the University of Colorado. His work experience includes being employed by a large US insurance company before becoming an executive at financial services company based in Minneapolis.

Mr Carson resigned as a director of the Company on 26 September 2001.

**Mark L Pearce**  
**Director**

Mr Pearce gained a Bachelor of Business (Accounting) degree from Curtin University of Technology and is a member of the Institute of Chartered Accountants. Mr Pearce has worked for a number of "Big 5" Chartered Accounting firms and also in the Corporate Office of a number of listed and unlisted public companies where he has held the position of Chief Financial Officer and/or Company Secretary. Throughout his career Mr Pearce has gained experience in business analysis, business acquisitions and disposals, capital raising, debt financing and Corporations Law and ASX compliance matters.

Mr Pearce resigned as a Director on 30 May 2002.

**Principal Activities:**

- a) Acquisition of 33% of Dampier Oil Limited in October 2001.
- b) Conditional acquisition of 67% of Dampier Oil Limited and 100% of Star Petroleum Plc in April 2002, subject to successful completion of the capital-raising and re-listing.
- c) Issuance of Notice of Meeting and Explanatory Memorandum to Shareholders setting out terms of share capital consolidation proposal and terms applicable to the Dampier and Star acquisitions in April 2002.
- d) Issuance of Global Petroleum Limited Prospectus dated 31 May 2002.
- e) Issuance of Global Petroleum Limited Supplementary Prospectus dated 28 August 2002.

**Consolidated Results**

	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>
Net Profit (loss) of the Consolidated Entity	(1,205,750)	141,534
Adjusted for effect of sale of 90% interest in subsidiary	-	(303,360)
Adjusted for prospectus and acquisition costs written off	(543,874)	-
Income tax revenue	80,091	-
Adjusted loss before tax	(741,967)	(161,628)

**Employees**

	<b>2002</b>	<b>2001</b>
The number of full time equivalent people employed by the Consolidated Entity at balance date	1	2

**Dividends**

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2002.

**Corporate Structure**

Global Petroleum Limited is a company limited by shares that is incorporated and domiciled in Australia, with Global Mine Management Pty Ltd as a 100% controlled entity.

## Review of Operations

The status of the projects, which are subject to the vendor arrangements included in the Prospectus and Supplementary Prospectus, are set out below:

1. Kenya Licence mapping by Dana Petroleum continues to confirm the existence of numerous undrilled "prospects" in the Company's four offshore blocks. Costs associated with the Company's 20% equity in these areas including new seismic work and the drilling and testing of two wells are being fully carried by Dana who is the operator of the Project. Dana is investigating the availability of contactors to record seismic surveys in the First Quarter of 2002.

Shell has applied for areas in Tanzania which abut the southern two of the Company's Kenya blocks.

2. In Montenegro, tender documents for the late 2002 seismic survey were issued on 15 July and tenders from 3 seismic contractors have been received. This survey will enable the Company to investigate "prospects" associated with the oil recovery and gas shows in the JJ-3 and JJ-1 wells respectively, with a view to farming out equity to another company targeting drilling operations in the 2<sup>nd</sup> half of next year. The proposed survey is near the Montenegro-Croatian border. We are seeking confirmation as to the agreed position of the border, in which case the survey will be able to proceed as planned in the last quarter of this year. Global currently has 100% equity in and is operator of these licences, subject to the State's petroleum entity having the option to take a 49% interest at the commencement of a development.
3. Fijian seismic, well and other data have been purchased and a review of this information will take place in the coming months. Global has 100% equity in and is operator of these licences.

Upon completion of the Public Offering of new stock set out in the Prospectus and Supplementary Prospectus, the Company will have sufficient funds to progress these projects including seeking farm-in partners for the Montenegro drilling and the new seismic and subsequent drilling on high graded areas in the Falklands, Fiji and properties acquired as a result of the Queensland applications referred to in other parts of this report.

## Post Balance Date Events

In addition to the matters referred to above,

1. Falklands Licences were issued to associated company, Dampier Oil Limited, on 3 July 2002 and Dampier with 50% equity is operator. Dampier is negotiating to purchase some 6,400 kms of existing seismic data in the Fourth Quarter of this year and which will be reviewed to high grade areas for new seismic.
2. The Kingdom of Jordan has not approved the further extension referred to in the original Prospectus.
3. The Company has applied for a number of areas totalling 10,000 sq km in the Surat Basin in Queensland.

Apart from the matters described above and as stated in Note 24 to the Financial Statements, as at the date of this report there is no other matter or circumstance which has arisen since 30 June 2002 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2002, of the Consolidated Entity;
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 30 June 2002, of the Consolidated Entity.

## Significant Changes in the State of Affairs

The significant changes in the state of affairs of the Consolidated Entity during the year relate to the matters approved by the shareholders on 31 May 2002, with the issue of the Prospectus dated 31 May 2002, with the related matters also approved at that meeting (Note 24).

## Environmental Regulation

During the year, the Consolidated Entity was not subject to any particular or significant Commonwealth, State or Territory regulation in respect to environmental management.

## Likely Developments

In addition to managing its equity in the Projects referred to earlier with a view to promoting seismic and drilling activity as early as possible, Global Petroleum Limited intends to pursue the objectives set out in the Message from the Chairman in the original Prospectus dated 31 May 2002. These objectives include “targeting for this Company those areas and opportunities both internationally and in Australia which we believe have been ‘overlooked’”, “including high upside frontier areas” and “in Australia .... the Company will seek projects which will provide the opportunity for early returns and longer term strategic value”.

Due to uncertainty surrounding the nature of these business activities, the Directors are not able to state:

- i) likely developments in the entities’ operations; or
- ii) the expected results of these operations,

as to do so would result in unreasonable prejudice to the Consolidated Entity.

## Information on Directors Interests in Securities of Global Petroleum

Director	Interest in Securities at the date of this Report			Interest in Securities Issued/granted during the year <sup>(4)</sup>		
	Ordinary Shares <sup>(1)</sup>	Preference Shares <sup>(2)</sup>	Options <sup>(3)</sup>	Ordinary Shares <sup>(1)</sup>	Preference Shares <sup>(2)</sup>	Options <sup>(3)</sup>
J D Armstrong	-	-	-	-	-	-
M S Savage <sup>(4)(5)</sup>	-	-	3,750,000	93,750,000	-	-
A Burns	-	-	-	-	-	-
P Blakey	-	-	-	-	-	-
P Taylor	-	-	-	-	-	-
C W Carson	-	-	-	-	-	-
M L Pearce	-	-	-	-	-	-

- (1) Ordinary shares means fully paid ordinary shares in the capital of the Company.
- (2) Preference Shares means the non-cumulative Preference Shares offered pursuant to the Company’s Prospectus dated 13 September 2000.
- (3) Options means an option to subscribe for one Preference Share exercisable at 20 cents on or before 30 September 2002, and otherwise with the terms contained in the Company’s Prospectus dated 13 September 2000.
- (4) All Preference Shares and Options issued to Directors were undertaken pursuant to an underwriting agreement between the Company and the underwriter. All dealings with the Directors were on terms and conditions no more favourable than those adopted for other clients of the underwriter.
- (5) During the financial year a related entity of Mr Savage was issued 93,750,000 Ordinary Shares following the conversion of 3,750,000 Preference Shares, as disclosed in last year’s Report.

## Meetings of Directors

The following table sets out the numbers of meetings of Company’s directors held during the year ended 30 June 2002, and the numbers of meetings attended by each director. There were no committees of directors in existence during the year.

Director	Date Appointed (Resigned)	Meetings Held Whilst in Office	Number of Meetings Attended
<b>Current Directors</b>			
J D Armstrong	31 May 2002	-	-
M S Savage	23 November 1999	8	8
A Burns	4 October 2001	5	4
P Blakey	4 October 2001	5	3
P Taylor	4 October 2001	5	3
C Carson	(26 September 2001)	2	1
M Pearce	(31 May 2002)	7	6

## Directors' Remuneration

The maximum amount of remuneration payable per annum to non-executive directors is determined in accordance with limits designated by shareholders on 6 April 1994, with directors fees (excluding retirement benefits) set at an aggregate of \$100,000.

Details of the nature and amount of each element of the emoluments of each director of Global Petroleum Limited are set out in the following table:-

Name	Directors' Fees	Directors' Remuneration	Superannuation	Total
	\$	\$	\$	\$
<b>Current Directors</b>				
J D Armstrong	-	25,000	2,000	27,000
M S Savage	-	150,000	12,000	162,000
A Burns	-	-	-	-
P Blakey	-	-	-	-
P Taylor	-	-	-	-
M Pearce	-	29,250	-	29,250

## Corporate Governance

This section outlines the main corporate governance practices which, unless otherwise stated, were in place throughout the entire financial year.

### *The Board of Directors*

At the date of this report the Board comprises five directors, one of which is an executive director and the other four are non executive directors. The names, qualifications and relative experience of each director are included in this report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of directors required to supervise adequately the Company's Constitution determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The Company formerly had committees of the Board of directors being the audit committee and the remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

### *Appointments to Other Boards*

Directors are required to take into consideration any conflicts when accepting appointment to other Boards.

### *Directors' Remuneration*

At the date of this statement the maximum amount payable per annum to non-executive directors as directors fees (excluding retirement benefits) was set by shareholders on 6 April 1994 at an aggregate of \$100,000.

### *Independent Professional Advice*

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

### *Continuous Review of Corporate Governance*

Directors consider on an ongoing basis how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

### **Options over Unissued Preference Shares**

The Company allotted options pursuant to a Prospectus dated 13 September 2000.

During the financial year, 543,707 Options were exercised (at \$0.20 each) which resulted in the issue of 543,707 Preference Shares. Since the end of the financial year to the date of this report, no further Options were exercised.

As at the date of this report, there are 11,652,458 Options over unissued Preference Shares on issue. These options will expire on 30 September 2002.

### **Options over Unissued Ordinary Shares**

Options to take up Ordinary Shares were previously granted under the Ghana Gold Limited Employee Option Plan, which was terminated in June 2000, expired on 11 February 2002.

### **Insurance of Officers**

During the year, no insurance premiums were paid by Global Petroleum Limited to insure Directors and Officers of the Company.

This report is made in accordance with a resolution of the directors.



**JD Armstrong**  
Director  
Brisbane  
27 September 2002

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2002**

	Note	Consolidated		Global Petroleum	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Revenue from Ordinary Activities</b>	2	<b>157,049</b>	<b>209,160</b>	<b>157,049</b>	<b>209,160</b>
Borrowing costs	3	(17)	(39)	(17)	(39)
Depreciation expense	3	(11,341)	(11,178)	(11,341)	(11,178)
Salaries and employee benefits expense		(211,156)	(224,643)	(211,156)	(224,643)
Loss on sale of investment	3	(297,000)	-	(297,000)	-
Prospectus and acquisition costs written off	3	(543,874)	-	(543,874)	-
Other expenses from ordinary activities		(379,502)	(135,126)	(379,502)	(135,126)
Write back of provision (loss) on sale of 90% interest in subsidiary	3	-	303,360	-	303,360
<b>Profit (loss) from ordinary activities before income tax expense</b>		<b>(1,285,841)</b>	<b>141,534</b>	<b>(1,285,841)</b>	<b>141,534</b>
Income tax expense/(refund)	4	(80,091)	-	(80,106)	-
<b>Profit (loss) from ordinary activities after income tax expense/(refund)</b>		<b>(1,205,750)</b>	<b>141,534</b>	<b>(1,205,735)</b>	<b>141,534</b>
<b>Net Profit/(Loss)</b>	14	<b><u>(1,205,750)</u></b>	<b><u>141,534</u></b>	<b><u>(1,205,735)</u></b>	<b><u>141,534</u></b>
Reduction in share capital by application of accumulated losses	14	<u>(50,409,769)</u>	-	<u>(50,409,769)</u>	-
Earnings per share (cents)	21	(0.20)	0.04		

The above Statement should be read in conjunction with the accompanying notes

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2002**

	Note	Consolidated		Global Petroleum	
		2002	2001	2002	2001
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash assets	22	1,934,863	4,289,784	1,934,863	4,289,784
Other	5	378,380	24,339	378,380	24,339
<b>Total Current Assets</b>		<b>2,313,243</b>	<b>4,314,123</b>	<b>2,313,243</b>	<b>4,314,123</b>
<b>Non-current Assets</b>					
Other financial assets	6	1,492,050	297,000	1,492,050	297,001
Receivables	8	146,594	-	146,594	-
Property, plant and equipment	7	112,372	41,959	112,372	41,959
<b>Total Non-current Assets</b>		<b>1,751,016</b>	<b>338,959</b>	<b>1,751,016</b>	<b>338,960</b>
<b>TOTAL ASSETS</b>		<b>4,064,259</b>	<b>4,653,082</b>	<b>4,064,259</b>	<b>4,653,083</b>
<b>Current Liabilities</b>					
Payables	9	221,273	34,000	221,273	34,000
Other	9	291,712	-	291,712	-
Provisions	10	29,200	-	29,200	-
<b>Total Current Liabilities</b>		<b>542,185</b>	<b>34,000</b>	<b>542,185</b>	<b>34,000</b>
<b>Non-current Liabilities</b>					
Payables	11	-	-	61,260	61,276
<b>Total Non-current Liabilities</b>		<b>-</b>	<b>-</b>	<b>61,260</b>	<b>61,276</b>
<b>TOTAL LIABILITIES</b>		<b>542,185</b>	<b>34,000</b>	<b>603,445</b>	<b>95,276</b>
<b>NET ASSETS</b>		<b>3,522,074</b>	<b>4,619,082</b>	<b>3,460,814</b>	<b>4,557,807</b>
<b>Equity</b>					
Contributed equity	12	4,294,173	54,595,200	4,294,173	54,595,200
Reserves	13	-	-	-	-
Accumulated losses	14	(772,099)	(49,976,118)	(833,359)	(50,037,393)
<b>TOTAL EQUITY</b>		<b>3,522,074</b>	<b>4,619,082</b>	<b>3,460,814</b>	<b>4,557,807</b>

The above Statement should be read in conjunction with the accompanying notes

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2002**

	Note	Consolidated		Global Petroleum	
		2002	2001	2002	2001
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Payments to suppliers & employees		(968,764)	(455,325)	(968,764)	(455,325)
Interest received		156,649	202,390	156,649	202,390
Interest paid		(17)	(39)	(17)	(39)
Income tax refund		80,091	(39)	80,091	(39)
<b>Net cash outflow from operating activities</b>	22	<u>(732,041)</u>	<u>(252,974)</u>	<u>(732,041)</u>	<u>(252,974)</u>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(85,028)	(28,268)	(85,028)	(28,268)
Proceeds from sale of investments			41,065		41,065
Payments for investments		(1,500,000)	(297,000)	(1,500,000)	(297,000)
Advances to associated party		(146,594)	-	(146,594)	-
<b>Net cash inflow/(outflow) from investing activities</b>		<u>(1,731,622)</u>	<u>(284,203)</u>	<u>(1,731,622)</u>	<u>(284,203)</u>
<b>Cash flows from financing activities</b>					
Proceeds from issue of securities		108,742	3,651,023	108,742	3,651,023
Share issue expenses			(168,809)		(168,809)
Proceeds from related entity borrowings			-		-
Repayment of borrowings			-		-
Proceeds from subsidiary borrowings			-		-
<b>Net cash inflow/(outflow) from financing activities</b>		<u>108,742</u>	<u>3,482,214</u>	<u>108,742</u>	<u>3,482,214</u>
<b>Net increase/(decrease) in cash held</b>		(2,354,921)	2,945,037	(2,354,921)	2,945,037
Cash at beginning of financial year		4,289,784	1,344,747	4,289,784	1,344,747
<b>Cash at end of the financial year</b>	22	<u>1,934,863</u>	<u>4,289,784</u>	<u>1,934,863</u>	<u>4,289,784</u>

The above Statement should be read in conjunction with the accompanying notes

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act.

It is prepared on an accruals basis and in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. The accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate.

#### (a) Principles of Consolidation

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Global Petroleum Limited ("Company" or "Global Petroleum") as at 30 June 2002 and the results of all controlled entities during the year then ended. Global Petroleum Limited and its controlled entities together are referred to in this financial report as the consolidated entity ("Consolidated Entity"). The effects of all transactions between entities in the Consolidated Entity are eliminated in full. Outside equity interests in the results and equity of Controlled Entities are shown separately in the financial statements.

#### (b) Comparative Information

A number of new accounting standards have been applied to the preparation of the financial statements. The new standards have changed a number of the disclosures and classifications in Statement of Financial Performance (formerly known as the Profit and Loss Statement) and Statement of Financial Position (formerly known as the Balance Sheet).

#### (c) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense is matched with the accounting profit (after allowing for permanent differences). The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

#### (d) Foreign Currency Translation

##### (i) *Transactions*

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date, amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

##### (ii) *Specific Commitments*

Hedging of foreign currency revenue and/or expenditure is not undertaken.

##### (iii) *Foreign Controlled Entity*

The Company had adopted the temporal method of translation of its foreign currency subsidiaries.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### (e) Investments

Global Petroleum Limited's interests in listed and unlisted securities, other than controlled entities in the consolidated accounts, are brought to account at cost and dividend income is recognised in the Statement of Financial Performance when received. The principles of consolidation of interests in controlled entities are set out in Note 1(a).

### (f) Recoverable Amount of Non-current Assets

The recoverable amount of an asset is the net amount expected to be recovered through net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. To the extent that the revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the Statement of Financial Performance.

Nominal cash flows are used in determining recoverable amounts of non-current assets.

### (g) Employee Entitlements

Liabilities for wages and salaries, annual leave, long service leave, sick leave and superannuation are recognised, where applicable, and measured as the amount unpaid at reporting date at current pay rates in respect of employees' service up to date. The employee entitlement liabilities calculated using this policy does not differ materially from the liability calculated in accordance with AASB 1028.

### (h) Earnings per Share

#### (iv) *Basic Earnings per Share*

Basic earnings per share is determined by dividing the operating loss after income tax attributable to members of Global Petroleum by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### (v) *Diluted Earnings per Share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

### (i) Revaluations of Non-current Assets

Where revaluations of non-current assets are undertaken, revaluation increments are credited directly to the asset revaluation reserve. Revaluation decrements are recognised as an expense in the Statement of Financial Performance except that, to the extent that the decrement reverses a revaluation increment previously credited to, and still included in, an asset revaluation reserve in respect of that same class of assets, in which case it is debited to that revaluation reserve.

Revaluations do not result in the carrying value of a non-current asset exceeding the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal ("recoverable amount").

Potential capital gains tax is not taken into account in determining revaluation amounts unless there is an intention to sell the assets concerned.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### (j) Depreciation of property, plant and equipment

Depreciation is calculated on a reducing balance or straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:-

Plant and equipment	2 – 15 years
---------------------	--------------

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

### (k) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criterion must also be met before revenue is recognised.

Sale of Goods - Control of the goods has passed to the buyer.

Interest - Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

### (m) Exploration and Evaluation Costs

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area of interest are written off in the financial period the decision is made.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Consolidated		Global Petroleum	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>2. REVENUE FROM ORDINARY ACTIVITIES</b>				
<b>Revenue from non-operating activities</b>				
Interest received/receivable	156,649	202,390	156,649	202,390
Realised foreign exchange gain	-	6,285	-	6,285
Other	400	485	400	485
	<u>157,049</u>	<u>209,160</u>	<u>157,049</u>	<u>209,160</u>

**3. EXPENSES AND LOSSES FROM ORDINARY ACTIVITIES**

**(a) Expenses**

Depreciation of plant and equipment	11,341	11,178	11,341	11,178
Borrowing costs expensed:				
Interest expense - Related entity	-	-	-	-
Interest expense - Other entity	17	39	17	39
Total Borrowing Costs	<u>17</u>	<u>39</u>	<u>17</u>	<u>39</u>

Other provisions:

Provision for Employee entitlements	29,200	-	29,200	-
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**(b) Losses**

Net losses on disposal of property, plant and equipment	3,274	366	3,274	366
Loss (write back of provision) on disposal of 90% interest in subsidiary (Note 3(c))	-	(303,360)	-	(303,360)

**(c) Significant Items Included in Profit (Loss) from Ordinary Activities**

Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

Loss on Sale of 90% of Ghana Mining Investments Pty Ltd	-	(303,360)	-	(303,360)
Loss on sale of Investment	(297,000)	-	(297,000)	-
Prospectus and acquisition costs related to current capital raising written off	(543,874)	-	(543,874)	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>Consolidated</b>		<b>Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	\$	\$	\$	\$
<b>4. INCOME TAX</b>				
(a) The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the profit (loss) from ordinary activities before tax. The differences are reconciled as follows:				
Profit (loss) from ordinary activities before tax	(1,285,841)	141,534	(1,285,841)	141,534
Income tax calculated at 30% (2001: 34%)	(385,752)	48,121	(385,752)	48,121
Tax effect of permanent differences:				
non deductible expenses	194,410	6,671	194,410	6,671
Capital loss on sale of investment	89,100	-	89,100	-
Non deductible (assessable) loss (writeback) on sale of 90% interest in subsidiary	-	(103,142)	-	(103,142)
tax losses not brought to account	102,242	48,350	102,242	48,350
Income tax adjusted for permanent differences	-	-	-	-
Effect of timing difference now reversed	-	-	-	-
Income tax revenue attributable to operating Profit (loss)	80,091	-	80,106	-

(b) Future income tax benefits arising from tax losses and timing differences of controlled entities not brought to account at balance date as realisation of the benefit is not regarded as virtually certain:

Future income tax benefits will only be obtained if:-

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

**5. CURRENT ASSETS – OTHER**

Share applications received (refer note 9)	291,495	-	291,495	-
Other debtors	86,885	24,339	86,885	24,339
	<u>378,380</u>	<u>24,339</u>	<u>378,380</u>	<u>24,339</u>

Share applications received prior to close of offer are held in a share trust account.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>Consolidated</b>		<b>Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>6. NON-CURRENT ASSETS – Other Financial Assets</b>				
(a) Investments at cost comprise:				
Controlled entities				
- Unlisted shares at cost (Note 6(b))	-	-	1	1
Formerly controlled entities				
- Unlisted shares at cost	-	1,154,818	-	1,154,818
- Less provision for diminution	-	(1,154,818)	-	(1,154,818)
	-	-	-	-
Other entities				
- Unlisted shares at cost (33% of Dampier Oil Limited held, and represented by Dampier exploration interests in Fiji and Falkland Islands)	1,500,000	332,746	1,500,000	332,746
- Less share of losses	(7,951)	(35,746)	(7,951)	(35,746)
	1,492,049	297,000	1,492,049	297,000
Total Investments	1,492,049	297,000	1,492,050	297,001

**(b) Investments in Controlled Entities**

Name of Entity	Country of Incorporation	Class of Shares	Percentage of Equity Holding		Investment	
			2002 %	2001 %	2002 \$	2001 \$
<b>Controlled Entities</b>						
Global Mine Management Pty Ltd	Australia	Ordinary	100	100	1	1

	<b>Consolidated</b>		<b>Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**7. NON-CURRENT ASSETS**

**- Property, Plant and Equipment**

Plant & equipment – at cost	128,041	56,189	128,041	56,189
Accumulated depreciation	(15,669)	(14,230)	(15,669)	(14,230)
Total plant and equipment	112,372	41,959	112,372	41,959
Total property, plant & equipment	112,372	41,959	112,372	41,959

**Reconciliations**

*Plant and Equipment*

Carrying amount at beginning	41,959	25,235	41,959	25,235
Additions	85,428	28,268	85,428	28,268
Disposals	(3,674)	(366)	(3,674)	(366)
Depreciation expense	(11,341)	(11,178)	(11,341)	(11,178)
Total plant & equipment	112,372	41,959	112,372	41,959

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>Consolidated</b>		<b>Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>8. NON-CURRENT ASSETS</b>				
<b>Receivables</b>				
Advances to associated company (Dampier Oil Limited – 33% holding). Secured by a fixed and floating charge on the assets of Dampier.	146,594	-	146,594	-
<hr/>				
<b>9. CURRENT LIABILITIES – Payables</b>				
Share applications held in trust (refer Note 5)	291,712	-	291,712	-
Accrued expenses	221,273	34,000	221,273	34,000
	<u>512,985</u>	<u>34,000</u>	<u>512,985</u>	<u>34,000</u>
<hr/>				
<b>10. CURRENT LIABILITIES – Provisions</b>				
Employee entitlements (Note 18)	29,200	-	29,200	-
<hr/>				
<b>11. NON-CURRENT LIABILITIES – Payables</b>				
Loan – related party – unsecured (Note 19)	-	-	61,260	61,276
<hr/>				
<b>12. CONTRIBUTED EQUITY</b>				
(a) Issued and paid up capital:	4,294,173	54,595,200	4,294,173	54,595,200
<hr/>				

(b) Movements in securities on issue during the year were as follows:-

<b>Date</b>	<b>Details</b>	<b>Notes</b>	<b>Number of Ordinary Shares</b>	<b>Number of Preference Shares</b>	<b>Number of Options</b>	<b>Issue Price (\$)</b>	<b>\$</b>
<b>01/07/2001</b>	<b>Opening Balance</b>		<b>409,104,802</b>	<b>9,171,521</b>	<b>17,196,165</b>		<b>54,595,200</b>
	Shares Issued		-	-	-	-	-
	Conversion of Preference Shares		217,765,400	(8,710,616)	-	-	-
	Exercise of Preference Share Options		-	543,707	(543,707)	0.20	108,742
	Expiry of Preference Shares Options		-	-	(5,000,000)	-	-
<b>31/05/2002</b>	<b>Balance</b>		<b>626,870,202</b>	<b>1,004,612</b>	<b>11,652,458</b>		<b>54,703,942</b>
<b>31/5/2002</b>	Capital reduction approved by shareholders						(50,409,769)
<b>30/06/2002</b>	<b>Closing Balance</b>		<b>626,870,202</b>	<b>1,004,612</b>	<b>11,652,458</b>		<b>4,294,173</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 12. CONTRIBUTED EQUITY (continued)

#### (b) Movements in securities on issue during the year (continued)

- (i) Pursuant to the terms and conditions of the Prospectus dated 13 September 2000, a further 543,707 Preference Shares were issued during the year following the exercise of 543,707 Options, which raised a further \$108,742.
- (ii) 217,765,400 ordinary shares were issued following the conversion of 8,710,616 Preference Shares, pursuant to the terms and conditions of the Prospectus dated 13 September 2000.
- (iii) 5,000,000 Employment Options not exercised by 11 February 2002 expired.
- (iv) Incentive Options with an exercise price of 25 cents expiring on 30 June 2007 in accordance with the terms and conditions set out in the Prospectus dated 31 May 2002 have been established. The Service Agreement finalised in April with Dr John Armstrong, Executive Chairman, includes 10,000,000 Incentive Options, which will only be issued on the successful close of the current capital raising in the Supplementary Prospectus dated 28 August 2002.

#### (c) Rights Attaching to Shares

##### (i) General

The rights attaching to Ordinary Shares and Preference Shares arise from a combination of the terms stated in the Company's Prospectus, the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

Ordinary Shares arising on the conversion of Preference Shares will as from their allotment rank equally with other Ordinary Shares then on issue.

A summary of the more significant rights attaching to Shares generally is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's shareholders.

##### (ii) Reports and notices

All shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Law and the Listing Rules.

##### (iii) General meetings

Holders of Ordinary Shares and Preference Shares are entitled to be present in person, or by proxy, attorney or representative at general meetings. Holders of Preference Shares may only vote in the limited circumstances set out in paragraph (v) of Note 12(d). Holders of Ordinary Shares are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of the Company.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 12. CONTRIBUTED EQUITY (continued)

#### (c) Rights Attaching to Shares (continued)

##### (iv) Voting

Holders of Ordinary Shares present in person, or by proxy, attorney or representative has one vote and upon a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any Ordinary Share held by the shareholder. A person who holds a share which is not fully paid shall be entitled to a fraction of the vote equal to the proportion that amount paid (not credited) bears to the total amounts paid and payable for the share (excluding amounts credited).

Holders of Preference Shares may only vote in the limited circumstances set out in paragraph (v) of Note 12(d).

##### (v) Dividends

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to shareholders according to their rights and interests. The Directors may determine the property to constitute the dividend and fix the time for distribution. Except to the extent that the terms of issue of Shares provide otherwise, each dividend must be distributed according to the amount paid up on the Share in a manner calculated in accordance with the Constitution.

##### (vi) Winding up

If the Company is wound up and after distribution of assets to repay paid up capital there remains assets available for distribution to members (in that capacity), those assets will be distributed to shareholders such that the amount distributed to a shareholder in respect of each share is proportional to the amount paid upon that share compared with the total paid up capital of the Company.

##### (vii) Transfer of Shares

Generally, Shares in the Company that have not been classified as "restricted securities" under the Listing Rules, are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia.

##### (viii) Miscellaneous

Under the Constitution the Directors are empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights.

#### (d) Terms of Preference Shares

In addition to the rights referred to in Note 12(c), the Preference Shares will be issued on the following terms and conditions:

- (i) The holder of a Preference Share shall have the right to receive a non cumulative fixed preferential dividend at the rate of 8% per annum on the issue price of the Preference Share (20 cents).
- (ii) Should a dividend have been declared for the financial year ending 30 June 2002, the dividend entitlement with respect to a Preference Share shall be calculated from the date of allotment of the Preference Share. Should a dividend be declared for any other financial year, the dividend entitlement shall be calculated from the beginning of the relevant financial year. The dividend entitlement shall be calculated to the last day in the relevant financial year and shall be paid as soon as practicable after close of the financial year.
- (iii) The current year's dividend payable on the Preference Shares shall rank for payment in priority to dividends payable on all Ordinary Shares for the time being issued in the capital of the Company. The right to any Preference Share dividend will cease upon conversion of the Preference Shares into Ordinary Shares.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 12. CONTRIBUTED EQUITY (continued)

#### (d) Terms of Preference Shares (continued)

- (iv) The holder of a Preference Share shall in a winding up be entitled to rank equally with other holders of Preference Shares, and in priority to all other Shares for the time being issued in the capital of the Company, for repayment of the issue price of the Preference Share and any declared dividends which have not been paid, but shall have no further right to participate in the profits or assets of the Company, whether surplus or otherwise.
- (v) The holder of a Preference Share shall have the same rights as the holder of an Ordinary Share to receive notices of general meetings, financial reports, and to attend any general meeting of the Company, but the holder of a Preference Share shall not be entitled to vote at general meetings except in the following circumstances:
  - (A) during a period during which a dividend (or part of a dividend) in respect of the Preference Share is in arrears,
  - (B) on a proposal to reduce the Company's share capital;
  - (C) on a resolution to approve the terms of a buy-back agreement;
  - (D) on a proposal that affects rights attached to the Preference Share;
  - (E) on a proposal to wind up the Company;
  - (F) on a proposal for the disposal of the whole of the Company's property, business and undertaking, and
  - (G) during the winding up of the Company.
- (vi) The Company shall be entitled to create further new preference shares which rank equally with, or will be subordinate to, the Preference Shares.
- (vii) Subject to the provisions of the Corporations Act, the following provisions shall apply to the redemption of the Preference Shares:
  - (A) The Company may at any time on or before 30 September 2002 redeem the Preference Shares at their issue price from profits or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.
  - (B) The Company shall give written notice ("**Notice of Redemption**") to the holder of a Preference Share that the Company will redeem the Preference Share on the date ("**Redemption Date**") specified in the Notice of Redemption (which date shall not be earlier than 21 days after the date the Notice of Redemption is given).
  - (C) Redemption shall be effected on the Redemption Date by the Company paying to the holder of the Preference Share the issue price of the Preference Share together with any dividend entitlement accrued but unpaid as at the Redemption Date.
- (viii) Subject to the provisions of the Corporations Act, the following provisions shall apply to the conversion of Preference Shares:
  - (A) The holder of a Preference Share may convert the Preference Share into twenty five (25) Ordinary Shares at any time on or before 30 September 2002 by giving written notice to the Company ("**Notice of Conversion**"). If the Company has given a Notice of Redemption, the holder of a Preference Share may convert the Preference Share by giving a Notice of Conversion at any time prior to two whole business days prior to the Redemption Date.
  - (B) Upon the giving of a Notice of Conversion, payment of all accrued but unpaid dividends which exist in relation to the Preference Share to be converted pursuant to the Notice of Conversion shall be deemed to be waived by the Preference Shareholder and the Company shall be released from and against any liability in respect thereof.
  - (C) Upon receipt by the Company of a valid Notice of Conversion with respect to a Preference Share, the Preference Share shall forthwith convert into twenty five (25) Ordinary Shares in the capital of the Company which shares shall rank equally with all of the other Ordinary Shares, including in respect of any right to receive dividends declared before conversion but remaining unpaid after such conversion.
  - (D) Preference Shares which have not been otherwise converted or redeemed by 30 September 2002 or which have not been redeemed by the Company by that date, shall automatically convert into twenty five (25) Ordinary Shares.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 12. CONTRIBUTED EQUITY (continued)

#### (d) Terms of Preference Shares (continued)

- (E) In the event of any reconstruction of the issued ordinary capital of the Company the Preference Share shall be reconstructed in the same proportion as the issued ordinary capital of the Company is reconstructed and, in any event, in a manner which will not result in any additional benefits being conferred on the holders of the Preference Shares which are not conferred on Holders of Ordinary Shares.
- (F) The Company will apply to ASX for official quotation of Ordinary Shares issued on conversion of Preference Shares within 3 business days of their allotment.

#### (e) Terms of Options

The Options offered under the Prospectus were granted on the following terms and conditions:

- (i) The Options shall expire at 5pm (WST) on 30 September 2002 ("**Expiry Date**").
- (ii) Each Option shall entitle the holder to subscribe for a Preference Share in the capital of the Company. Preference Shares issued on the exercise of Options shall be issued on the same terms and conditions as, and will rank equally with, the Preference Shares to which the Options were attached.
- (iii) The Options may be exercised in whole or part (in parcels not less than 100 options) at any time prior to the Expiry Date.
- (iv) The Options shall be exercisable at 20 cents per Option ("**Exercise Price**").
- (v) Options may only be exercised by the registered holder for the time being by notice in writing to the Company accompanied by the Exercise Price per Option and given to the Company's Share Registry at any time prior to the Expiry Date.
- (vi) The date of exercise of an Option will be the date on which notice of the exercise of the Option is received at the Company's Share Registry.
- (vii) A Preference Share issued following the exercise of an Option will be entitled to any dividend declared on Preference Shares in respect of the financial year in which the Preference Share is issued, calculated on a pro-rata basis from the date of allotment.
- (viii) Options may be transferred at any time prior to the Expiry Date.
- (ix) The Company will apply to the ASX for official quotation of Preference Shares issued on the exercise of Options within three business days of their allotment.
- (x) In the event of any reconstruction of the Company's issued capital, Options will be reconstructed as required by the Listing Rules.
- (xi) Options will not entitle the holders to participate in any new pro rata issues which are extended to Preference Shareholders without exercising the Options.

#### (f) Employment Options

- (a) In 1997 the Company granted a total of 5,000,000 options to subscribe for Ordinary Shares, which were not exercised by the expiry date of 11 February 2002, and have now expired

The Company has no other options on issue to subscribe for Ordinary Shares on issue.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>Consolidated</b>		<b>Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>13. RESERVES</b>				
Foreign currency translation reserve				
Balance at beginning of year	-	-	-	-
Transfer to accumulated losses on disposal of controlled entity	-	-	-	-
Balance at end of year	-	-	-	-

**14. ACCUMULATED LOSSES**

Balance at the beginning of year	(49,976,118)	(50,117,652)	(50,037,393)	(50,178,927)
Net profit (loss)	(1,205,750)	141,534	(1,205,735)	141,534
Aggregate of amounts transferred from reserves	-	-	-	-
Less outside equity interest in reserves	-	-	-	-
Total available for appropriation	(51,181,868)	(49,976,118)	(51,243,128)	(50,037,393)
Dividends provided for or paid	-	-	-	-
Balance	(51,181,868)	(49,976,118)	(51,243,128)	(50,037,393)
Losses applied to reduction of capital by shareholder approval on 31 May 2002	50,409,769	-	50,409,769	-
Balance at end of year	(772,099)	(49,976,118)	(833,359)	(50,037,393)

**(a) Franking Credits**

In respect to the payment of dividends by Global Petroleum in subsequent reporting periods (if any), no franking credits are currently available, or are likely to become available in the next 12 months.

	<b>Directors of Entities in the Consolidated Entity</b>		<b>Directors of Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>15. REMUNERATION OF DIRECTORS</b>				
Income paid or payable, or otherwise made available, to directors by entities in the Consolidated Entity and related parties in connection with the management affairs of the Global Petroleum or its controlled entities	218,250	197,019	218,250	197,019

The numbers of directors whose income from Global Petroleum or related parties was within the specified bands are as follows:

			<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>No.</b>	<b>No.</b>
	10,000	-		1
	20,000	-	2	
	30,000	-		1
	140,000	-		1
	160,000	-	1	

Prescribed benefits given during the financial year by Global Petroleum or a related party to a person or to a prescribed superannuation fund in connection with the retirement of a person from a prescribed office in relation to the entity:

-	11,000
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>Executive Officers of the Consolidated Entity</b>		<b>Executive Officers of Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**16. REMUNERATION OF EXECUTIVES**

Remuneration received, or due and receivable, from entities in the Consolidated Entity and related parties by executive officers (including directors) whose income was at least \$100,000:

Executive officers of Global Petroleum	162,000	146,269	162,000	146,269
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The numbers of executive officers (including directors) whose remuneration from entities in the Consolidated Entity and related parties was within the specified bands are as follows:

	<b>Executive Officers of the Consolidated Entity</b>		<b>Executive Officers of Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
\$ 140,000 - \$ 149,999	-	1	-	1
\$ 160,000 - \$ 169,999	1	-	1	

There were no amounts paid to executive officers for working wholly or mainly outside Australia during the reporting period.

	<b>Consolidated</b>		<b>Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**17. AUDITORS' REMUNERATION**

Amounts received or due and receivable by Stanton Partners for:

- an audit or review of the financial reports of the entity and any other entity in the consolidated entity	6,000	7,514	6,000	7,514
- other services in relation to the entity and any other entity in the consolidated entity	21,290	2,800	21,290	2,800
<b>TOTAL AUDITORS' REMUNERATION</b>	<b>27,290</b>	<b>10,314</b>	<b>27,290</b>	<b>10,314</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated		Global Petroleum	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>18. EMPLOYEE ENTITLEMENTS</b>				
Employee entitlement liabilities:				
Provision for employee entitlements (note 10)	29,200	-	29,200	-
Aggregate employee entitlement liability	29,200	-	29,200	-
	29,200	-	29,200	-

### Global Petroleum Employee Option Plan

This Plan was terminated in June 2000. The 5,000,000 options that were on issue under this Plan at the date of termination of the Plan were not exercised by the expiry date of 11 February 2002, and therefore the options lapsed.

## 19. RELATED PARTIES

### (a) Directors

The Directors of Global Petroleum during the financial year were:

J D Armstrong (appointed 31 May 2002)  
M Savage (appointed 23 November 1999)  
A Burns (appointed 4 October 2001)  
P Blakey (appointed 4 October 2001)  
P Taylor (appointed 4 October 2001)

C Carson (resigned 26 September 2001)  
M Pearce (resigned 31 May 2002)

### (b) Remuneration

Information on remuneration in connection with the directors is disclosed in Note 15.

### (c) Transactions of Directors and Director-Related Entities Concerning Securities

- (i) Aggregate numbers of securities of Global Petroleum held directly, indirectly or beneficially by directors or their director-related entities at balance date:

	2002	2001
Ordinary shares	-	-
Preference Shares	-	3,750,000
Options expiring 30 September 2002	3,750,000	3,750,000

- (ii) Aggregate number of securities of Global Petroleum issued directly, indirectly or beneficially to directors or their director-related entities during the financial year:

	2002	2001
Ordinary shares (see Notes (iv) and (v))	93,750,000	2,500,000
Preference Shares (see Notes (iii) and (iv))		3,850,000
Options expiring 30 September 2002 (see Notes (iii) and (iv))		3,850,000

- (iii) All Preference Shares and Options issued to Directors were undertaken pursuant to an underwriting agreement between the Company and the underwriter.
- (iv) All dealings with the Directors were on terms and conditions no more favourable than those adopted for other clients of the underwriter or other shareholders.
- (v) During the year a related entity of Mr Savage was issued 93,750,000 Ordinary Shares following the conversion of 93,750,000 Preference Shares.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### (d) Other Transactions with Directors and Director Related Entities

Roseberry Holdings Pty Ltd, a company in which a director, Mr M Pearce is a director and a beneficial shareholder received fees of \$29,250 (2001: \$38,250) (this amount is included in Note 15) for administration services provided whilst he was a director of Global Petroleum. All transactions occurred under normal commercial terms and conditions.

### (e) Wholly-owned Group

The wholly-owned group consists of Global Petroleum Limited and its wholly-owned controlled subsidiary Global Mine Management Pty Ltd (see Note 6).

Transactions between Global Petroleum Limited and related parties in the wholly-owned group during the year ended 30 June 2002 consisted of a loan advanced to Global Petroleum Limited and was made on normal commercial terms and conditions except:

- i) there are no fixed terms of repayment of loans between parties; and
- ii) no interest is payable by Global Petroleum Limited on funds advanced by its subsidiary, Global Mine Management Pty Ltd.

	Consolidated		Global Petroleum	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>(f) Other related parties</b>				
Loan advanced from related entity (unsecured)	-	-	-	-
	<hr style="border-top: 3px double black;"/>			

Loans advanced to controlled entity are non-interest bearing and have no fixed terms of repayment.

Aggregate amounts receivable from, and payable to, each class of other related parties at balance date were as follows:

Loan from controlled entity	-	-	61,260	61,276
	<hr style="border-top: 3px double black;"/>			

### (g) Controlling Entities

The ultimate controlling entity in the wholly owned group is Global Petroleum Limited.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**20. SEGMENT INFORMATION**

**Industry Segments**

The Consolidated Entity operates within the petroleum industry.

**Geographical Segments**

All activities of the Group were conducted in Australia during the year, as set out as follows:

<b>2002</b>	<b>Australia</b>	<b>Other</b>	<b>Intersegment Eliminations</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	157,049	-	-	157,049
Other revenue	-	-	-	-
Total revenue	<u>157,049</u>	<u>-</u>	<u>-</u>	<u>157,049</u>
Segment result	<u>(1,205,750)</u>	<u>-</u>	<u>-</u>	<u>(1,205,750)</u>
Consolidated profit from ordinary activities before income tax				<u>(1,205,750)</u>
Segment assets	<u>4,064,259</u>	<u>-</u>	<u>-</u>	<u>4,064,259</u>
<b>2001</b>	<b>Australia</b>	<b>Other</b>	<b>Intersegment Eliminations</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue				
Other revenue	209,160	-	-	209,160
Total revenue	<u>209,160</u>	<u>-</u>	<u>-</u>	<u>209,160</u>
Segment result	<u>141,534</u>	<u>-</u>	<u>-</u>	<u>141,534</u>
Consolidated loss from ordinary activities before income tax				<u>141,534</u>
Segment assets	<u>4,653,082</u>	<u>-</u>	<u>-</u>	<u>4,653,082</u>

Intersegment pricing is on an arms-length basis.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	<b>Consolidated</b>	
	<b>2002</b>	<b>2001</b>
	<b>Cents</b>	<b>Cents</b>
<b>21. EARNINGS PER SHARE</b>		
Basic earnings per share	(0.20)	0.04
Diluted earnings per share is not materially different from basic earnings per share		
Weighted average number of ordinary shares outstanding during the Year used in the calculation of basic earnings per share	590,711,110	326,480,410

	<b>Consolidated</b>		<b>Global Petroleum</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**22. STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Net Profit (Loss) to Net Cash Outflow from Operating Activities**

Net profit (loss)	(1,205,750)	141,534	(1,205,735)	141,534
Loss on disposal of non-current assets	3,274	366	3,274	366
Loss on sale of investments – other	297,000	-	297,000	-
Depreciation and amortization	11,341	11,178	11,341	11,178
Share of associate's losses	7,951	-	7,951	-
Provision for employee entitlements	2,200	(2,128)	2,200	(2,128)

Change in operating assets and liabilities, net of effects from purchase/sale of controlled entities:

Decrease/(Increase) in prepayments	(10,344)	-	(10,344)	-
Decrease/(Increase) in other assets	(52,198)	(24,339)	(52,213)	(24,339)
(Decrease) / increase in accounts payable	214,485	(379,585)	214,485	(379,585)
(Decrease) / increase in other provisions	-	-	-	-
Decrease in provision for deferred income tax	-	-	-	-

Net cash outflow from operating activities	<u>(732,041)</u>	<u>(252,974)</u>	<u>(732,041)</u>	<u>(252,974)</u>
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**(b) Reconciliation of Cash on hand**

Cash at bank and on hand	(72,255)	281,486	(72,255)	281,486
Deposits at call	2,007,118	4,008,298	2,007,118	4,008,298
Closing Cash balance	<u>1,934,863</u>	<u>4,289,784</u>	<u>1,934,863</u>	<u>4,289,784</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**23. FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk Exposure**

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

	Note	Floating Interest Rate \$	Non-Interest Bearing \$	Total \$
<b>2002</b>				
<b>Financial Assets</b>				
Cash and deposits	22	1,934,863	-	1,934,863
Other debtors	5	146,594	378,380	524,974
Investments	6	-	1,492,050	1,492,050
		<u>2,081,457</u>	<u>1,870,430</u>	<u>3,951,887</u>
Weighted Average Interest Rate		4.50%		
<b>Financial Liabilities</b>				
Payable	9	-	221,273	221,273
Other liabilities	9	-	291,712	291,712
			<u>-</u>	<u>512,985</u>
Weighted Average Interest Rate			N/A	
<b>Net Financial Assets (Liabilities)</b>		<u>2,081,457</u>	<u>1,357,445</u>	<u>3,438,902</u>
<b>2001</b>				
<b>Financial assets</b>				
Cash and deposits	22	4,289,784	-	4,289,784
Other debtors	5	-	24,339	24,339
Investments	6		297,000	297,000
		<u>4,289,784</u>	<u>321,339</u>	<u>4,611,123</u>
Weighted average interest rate		4.94%		
<b>Financial liabilities</b>				
Payable	9	-	34,000	34,000
			<u>-</u>	<u>34,000</u>
Weighted average interest rate			N/A	
<b>Net Financial Assets (Liabilities)</b>		<u>4,289,784</u>	<u>287,339</u>	<u>4,577,123</u>

**Reconciliation of Net Financial Assets to Net Assets**

	Note	2002 \$	2001 \$
Net Financial assets as above		3,438,902	4,577,123
Non-financial assets (liabilities):			
Property, plant & equipment	7	112,372	41,959
Provisions	10	(29,200)	-
		<u>3,522,074</u>	<u>4,619,082</u>

**(b) Net Fair Value of Financial Assets and Liabilities**

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices and approximate carrying value.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 23. FINANCIAL INSTRUMENTS (continued)

#### (c) Credit Risk Exposure

The credit risk on financial assets of the Consolidated Entity which have recognised on the balance sheet is generally the carrying amount. The Consolidated Entity does not have off-balance sheet financial instruments.

### 24. SIGNIFICANT CHANGE IN ACTIVITY AND RELATED SUBSEQUENT EVENTS

At a meeting of shareholders held on 31 May 2002 approval was given to a change in the nature of the Company's activities from a mineral resources exploration and production company to an oil and gas exploration company. The approvals given at that meeting also included the following:-

- (i) Acquisition of Star Petroleum Plc and Dampier Oil Limited through the issue of 80,000,000 fully paid ordinary shares and cash of \$2,775,000, as well as accepting Star debts of approximately \$3,000,000, in accordance with agreements executed;
- (ii) The raising of up to \$15,000,000 by the issue of up to 60,000,000 fully paid ordinary shares at an issue price of \$0.25 pursuant a prospectus;
- (iii) The change of the company name from Apollo Group Limited to Global Petroleum Limited;
- (iv) The consolidation of the then issued capital on the basis one ordinary share for every 25 held, subject to (i) and (ii) being approved and completed.

#### Issue of Supplementary Prospectus

In response to the change in market conditions since the date of the original prospectus dated 31 May 2002, the Company extended the original closing date from 31 July 2002 to 30 September 2002, and also issued a Supplementary Prospectus dated 28 August 2002, which revised the offer and provided updated information on the Company's activities.

The revision included a reduction of the minimum subscription from \$12,000,000 to \$2,000,000 (with oversubscriptions of \$1,000,000 allowed), the re-negotiation of the vendor arrangements to eliminate the cash component, the bringing forward of farmout arrangements, and reductions in directors' remuneration, including the decrease in the number of options available to the Executive Chairman to 10,000,000 (Note 12(b)).

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Global Petroleum Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company and of the Consolidated Entity set out on pages 19 to 40 are in accordance with the Corporations Act including:
  - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
  - (ii) complying with accounting standards and Corporations Act; and
- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

A handwritten signature in black ink, appearing to read 'J D Armstrong', with a large, sweeping flourish at the end.

J D Armstrong  
**Director**  
Brisbane, 27 September 2002



# STANTON PARTNERS

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## AUDITOR'S REPORT

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GLOBAL PETROLEUM LIMITED

#### SCOPE

We have audited the financial report of Global Petroleum Limited for the financial year ended 30 June 2002 as set out on pages 19 to 41. The financial report includes the consolidated financial statements of the consolidated entity comprising Global Petroleum Limited and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### AUDIT OPINION

In our opinion, the financial report of Global Petroleum Limited is in accordance with:

- a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

#### STANTON PARTNERS

**J P Van Dieren**  
**Partner**

Perth, Western Australia  
27 September 2002

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 21 October 2002, prior to the consolidation of the Company's securities, as approved by shareholders at the General Meeting of 31 May 2002, and the issue of all shares associated with the recently completed capital-raising. At the time of the reinstatement to official quotation of the Company's securities, the Company will provide to shareholders and the market full details to include all securities.

### 1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

#### (a) Ordinary Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
A & A Martins Pty Ltd	31,300,000	4.77
Piranha Nominees Pty Ltd	27,500,000	4.19
Arredo Pty Ltd	25,000,000	3.81
ANZ Nominees Limited	15,919,811	2.43
Lindy Hutchinson <Dena Account>	15,000,000	2.29
Peter Schubert	12,000,000	1.83
Balfes (Qld) Pty Ltd <Balfes Super Fund Account>	10,250,000	1.56
Goldline Investment Group Pty Limited	10,000,000	1.52
EFG Finance Leasing Limited	7,130,000	1.09
Churchill Resources NL	6,000,000	0.91
David Wright	5,590,000	0.85
Lindy Hutchinson <The Deena Fund Account>	5,055,005	0.77
Flea Pty Ltd	5,000,000	0.76
Bernadette Margaret Belsey	4,520,000	0.69
Erolquest Pty Ltd	4,500,000	0.69
National Nominees Limited	4,327,080	0.66
Nefco Nominees Limited	4,324,748	0.66
Victor Xiao	4,200,000	0.64
Steven Clifford Day	4,000,000	0.61
Richall Pty Ltd	3,562,500	0.54
<b>Total Top 20</b>	<b>205,179,144</b>	<b>31.27</b>
Others	450,740,108	68.73
<b>Total Ordinary Shares on Issue</b>	<b>655,919,252</b>	<b>100.00</b>

#### (b) Preference Shares

All preference shares not converted by 30 September 2002 were automatically converted to ordinary shares at that date.

#### (c) Options

All preference share options not exercised by 30 September 2002 expired at that date.

### 2. DISTRIBUTION OF EQUITY SECURITIES

#### (a) Analysis of security by size of holding – number of security holders

Range of Securities	No. of Holders
1 - 1,000	30
1,001 - 5,000	197
5,001 - 10,000	373
10,001 - 100,000	1759
100,001 - and over	854
	<b>3,213</b>

(b) **Analysis of security by size of holding – number of securities held**

<b>Range of Securities</b>	<b>No. of Ordinary Shares held</b>
1 - 1,000	19,453
1,001 - 5,000	709,743
5,001 - 10,000	3,223,545
10,001 - 100,000	80,103,969
100,001 - and over	571,862,542
	655,919,252

(c) **Number of holders of unmarketable parcels**

	<b>Ordinary Shares</b>
	173

**3. SUBSTANTIAL SHAREHOLDERS**

The following details appear in the Company's register of substantial shareholdings as at 21 October 2002:

<b>Substantial Shareholder</b>	<b>Number of Shares</b>
None	-

**4. VOTING RIGHTS**

See Note 12 of the Notes to the Financial Statements.

**5. MINING TENEMENTS**

As at 21 October 2002, the Consolidated Entity had no direct interest in any mining tenements, prior to the finalisation of all matters associated with the acquisitions from Vendors.

**6. ON-MARKET BUY BACK**

There is currently no on-market buy back program for any of Global's listed securities.