GLOBAL PETROLEUM LIMITED

ABN 68 064 120 896

ANNUAL REPORT 2003

Directors

John Armstrong – Executive Chairman
Peter Blakey
Mark Savage
Peter Taylor

Secretary

Bruce Clarke

Registered and Principal Office

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46 Edward Street
Brisbane QLD 4000
Australia

Share Register

Computershare Investor Services Pty Ltd
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Australia
Telephone: (61 8) 9323 2000
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Solicitors

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1202 Hay Street
West Perth WA 6005
Australia

Auditor

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Brisbane Qld 4000
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Bankers

Australia and New Zealand Banking Group Limited
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How to Contact Us

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Stock Exchange Listing

Global Petroleum Limited shares are listed on the Australian Stock Exchange (Symbox: GBP)

Home Exchange: Perth Office
Australian Stock Exchange
2 The Esplanade
Perth WA 6000
Australia

The Company

Seismic vessel "Polar Princess"
– which conducted the 2003 Kenya seismic survey

Global Petroleum Limited ("Global") is an Australian based oil and gas company with a substantial portfolio of exploration projects.

Global's acreage in Kenya is highly prospective and is in a region which is attracting some of the world's major exploration companies, while its acreage in offshore Montenegro has recovered oil and evidenced good shows of gas in previously drilled wells.

Global has a large acreage position to the south of the Falkland Islands and has a significant position in onshore mineral exploration rights which cover the entire Falkland Islands, both of which are attracting interest from international companies. Closer to home, Global has recently acquired exploration permits in Queensland's Surat Basin.

The Company is continually investigating opportunities to add further Australian and international projects to its portfolio. The emphasis is on a mix which will include some projects to provide early returns, and some which will offer significantly high value medium to longer term opportunities for the company as it continues to develop and become established as a successful oil and gas explorer and producer.

Past Year

- Global listed on Australian Stock Exchange on 22 November 2002
- Woodside Energy acquires 40% interest and operatorship of Kenya project and commences a seismic survey
- Global purchases and studies 4,460 kilometres of existing seismic in its offshore Falkland Islands project
- Global relinquishes five blocks in Fiji
- Force Majeure declaration in regard to the uncertain border between Montenegro and Croatia delays activity in offshore Montenegro project
- Global acquires three ATP's in Queensland's Surat Basin
- Global identifies gold, diamonds and other mineral indications in its onshore Falkland Islands minerals project

Year Ahead

- Kenya – Seismic acquisition to be completed and results assessed for determination of well possibly in 2004
- Falkland Islands Oil and Gas - Farmout of project so that company's share of cost of seismic survey is funded by farming-in company; and decision to be made on relinquishment of a number of blocks
- Fiji – Review of information on remaining two blocks and decision to be made on future activity
- Montenegro – Resolution of border issue is a high priority with Government of The Federal Republic of Yugoslavia and Croatia
- Queensland Surat Basin – Review of existing data on the three blocks and a decision to be made on future activity
- Falkland Islands Minerals – Introduce new participating companies via the farm-out of gold and diamond prospects
- Seek new opportunities in prospective international and Australian projects with emphasis on those that offer either early returns or very substantial upside for shareholders
- Provide regular reports to Shareholders on project progress and new initiatives

Executive Chairman's Letter

Dear Shareholder

I am pleased to present the Annual Report of Global Petroleum Limited for the year 2002/2003, which has been one of great significance as it completes our first year as a listed Australian oil and gas exploration company.

On 4 October 2002 we were able to announce that the Company had successfully closed the offer contained in the Supplementary Prospectus of 28 August 2002 and Global Petroleum shares were re-listed on the Australian Stock Exchange on 22 November 2002.

The past year has seen changes in ownership in a number of our projects due to a range of factors. Our corporate reconstruction was completed, which allowed us to focus our attention on our projects and our ideas. We have gained important new partners, relinquished some acreage, gained new projects, attracted the interest of majors in some of our projects, but have been frustrated by the situation concerning the border between two countries.

In the most significant move, Woodside Energy acquired a 40% interest in our four blocks offshore Kenya from Dana Petroleum and in doing so assumed the role of operator, which is very encouraging. We still retain our 20% holding and the costs associated with this are covered for all activities through two wells by Woodside and Dana.

While Woodside's commitment is limited to the acquisition of 5,000 kilometres of seismic, the fact that the company has also farmed into the neighbouring blocks is testament to the interest offshore Kenya holds for the majors. We understand that Shell is still negotiating the contiguous blocks to the south of ours in offshore Tanzanian waters.

I am pleased to advise that the acquisition of seismic commenced in Kenya in August 2003 and the programme was completed in September 2003 and early results are expected to be available in the first quarter of 2004.

The Falkland Islands continue to hold interesting possibilities for Global. During the year we purchased 4,460 kms of existing seismic recorded over the blocks we hold to the south of the islands.

Our ten licences cover some 57,700 sq kms in a frontier location in a range of water depths. The results from the reprocessing of 1,000 kms of the old seismic has helped define some interesting potential targets. This information will help us to determine which acreage to relinquish at the end of 2003.

We are actively seeking a farm-in partner for our offshore Falkland Islands project who we hope will also be encouraged by the oil and gas flows from wells in the area to the west of our blocks from rocks which we believe will occur in our area.

We now have a 33.3% interest in a Minerals licence, which covers the entire Falkland Islands land area, and our preliminary assay work has identified the presence of gold, diamond indicator minerals, platinum group elements and other minerals. We have identified a number of prospects, which have been taken to the market to determine interest. There has been some initial interest from major minerals exploration companies and this will be followed up during the coming months.

I am pleased that we have succeeded in our intention to acquire projects in Australia by being awarded three Authorities to Prospect on the western flank of Queensland's Surat Basin. We have a one-year review period on each and intend to map these areas this year. As the area is unlikely to be affected by Native Title, if we identify any prospects, we have every intention of trying to get them drilled next year.

Our activities in Montenegro, which were to include a seismic acquisition programme, are being frustrated by a realignment of the offshore border between Montenegro and Croatia. The size of our block, which contains interesting shows of both oil and gas from previous wells drilled in the areas could be substantially reduced and we are currently discussing a resolution of the issue with the Government of the Federal Republic of Yugoslavia and the Government of Montenegro, and with our Joint Venture partner, JPK. We are seeking to modify the Contract to offset any loss of area arising from the border issue.

We have declared Force Majeure with JPK, which in turn has declared Force Majeure under its concession with the Government of Montenegro. We have elected to suspend any further activity until such time as a resolution can be reached.

We have relinquished five of our seven blocks held in offshore Fiji and have been able to recover our bond. We are seeking a partner to farm-in to the remaining two prospects to achieve cost recovery and carry, but if this fails we will conduct a further review before making a decision on the future.

In the volatile atmosphere of the industry over the last twelve months, I believe we have made significant progress in establishing Global as an oil and gas exploration company. We have projects in interesting and prospective areas and we are working with experienced and credible partners.

It is encouraging that we are now receiving approaches from other companies who are introducing us to various opportunities, some of which we hope to add to our portfolio in the coming months.

Finally, I am sorry to advise that Alan Burns elected to resign from the Board in early July 2003 due to growing commitments elsewhere. Alan has made a significant contribution to the establishment of Global Petroleum for which we are all most grateful. Alan has been a good friend over the years and I thank him for his efforts and wish him well.

I believe we have an interesting year ahead as we pursue and further develop our project list and once again thank you for staying with us. I am confident that your trust in us will be rewarded as we begin to extract value from our projects and the new opportunities that are coming our way.

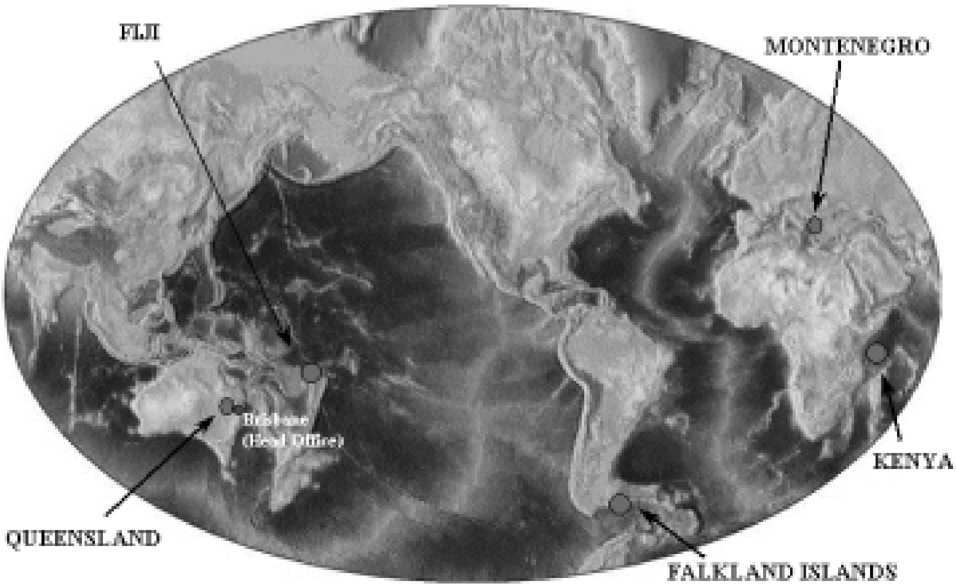
Please keep abreast of our activities through the website which we will endeavour to keep up to date.

Yours sincerely

John Armstrong
Executive Chairman

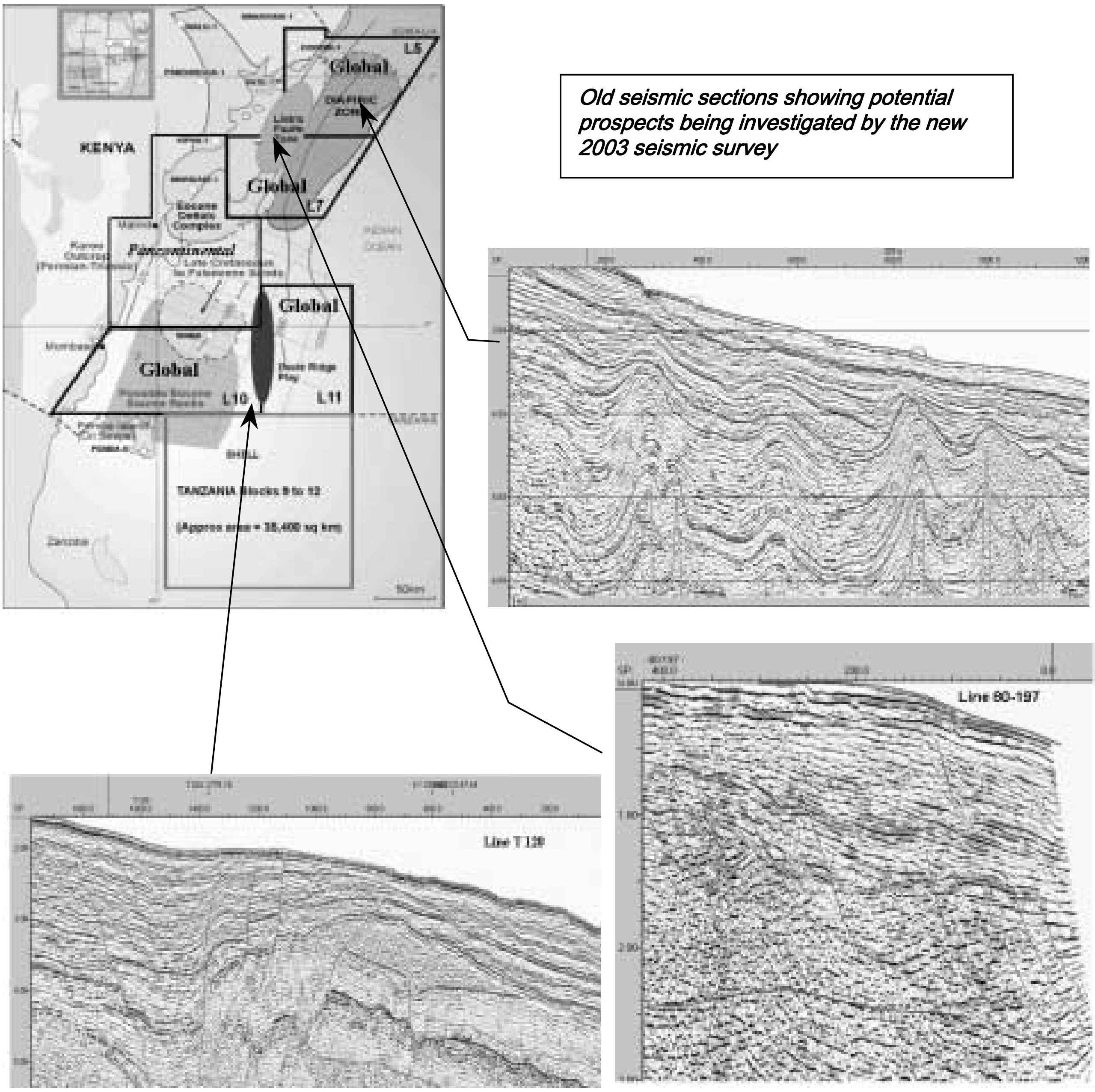
26 September 2003

Global Petroleum Projects



	Operator	Global (%)	Global Nett Area (sq km)
Kenya	Woodside	20	8,967
Montenegro	Global	51	2,652
Falkland Islands (oil and gas)	Global	50	28,883
Fiji	Global	100	15,327
Queensland	Global	100	3,151
Falkland Islands (minerals)	Global	33 1/3	4,017

Kenya (Blocks L5, L7, L10, L11)



Global has a 20% equity in four blocks in offshore waters of Kenya, with 40% being held by Woodside Energy, which is the operator, and the balance being held by UK based Dana Petroleum Plc. The costs associated with our 20% holding are covered for all activities through two wells by Woodside and Dana.

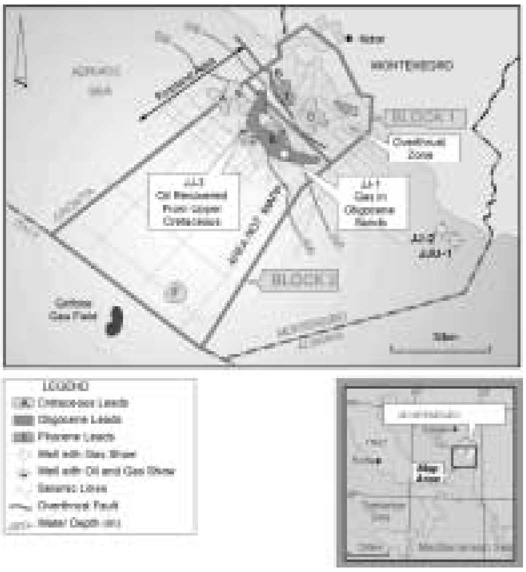
Global has a free carried interest in the work programme which involves the acquisition of 5,500 kilometres of seismic data. Processing of the data will take place in Singapore and Perth in the last quarter of calendar year 2003 and initial results are expected in the first quarter of 2004.

A number of Direct Hydrocarbon (Petroleum) Indicators (DHI's) were detected on the original seismic that is some 20 years old, which is encouraging as DHI's are commonly associated with potential petroleum prospects.

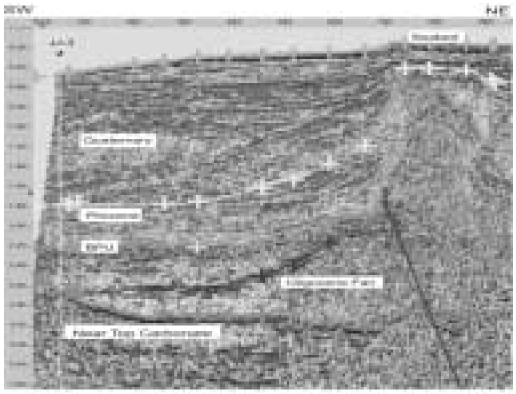
Woodside has said that its farm-in to these areas followed an extensive regional study of East Africa. Dana has identified 100 early stage exploration leads and prospects in water depths of 200-3,000 metres and that the reserves range of individual prospects is between 50 and 1,000 million barrels.

Woodside has also farmed into exploration areas which lie between the Global blocks and Shell still maintains an interest in the blocks which lie offshore Tanzania and abut the southern two of the Company's blocks.

Montenegro (Blocks 1 & 2)



Licence Area



Seismic Section

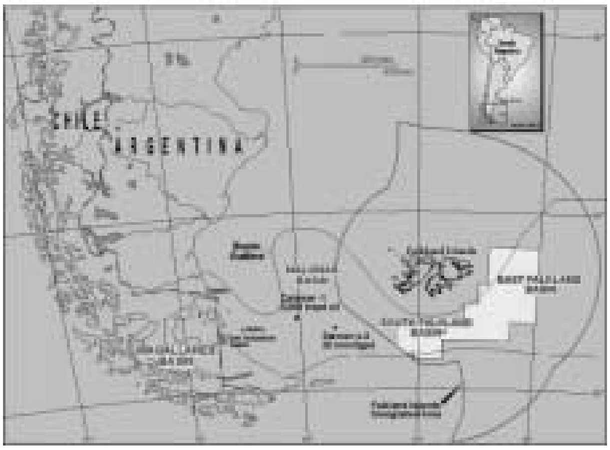
The licence area is held by the recently privatized State petroleum entity, Jugopetrol AD Kotor (“JPK”), on behalf of a local company Starmonte Kotor D.O.O., in which Global owns 51% of the shareholding.

In December 2002, the Governments of the Federal Republic of Yugoslavia and Croatia signed a Protocol which defined a border to a location 12 miles from the coast but to the south of the border in our Contract. Because this border is different from that in our Contract it will affect one of our prospects. The Protocol did not deal with the border between the 12 mile limit and the Italian border some 75km further offshore. As of mid September 2003, we are not aware that there is any agreement between Yugoslavia and Croatia other than the Protocol. As a result of these uncertainties, the Company declared Force Majeure and has suspended all activities in the area.

The Company is seeking to mitigate a potential loss of Contract area and prospects through renegotiating the terms of its Contract with JPK.

In May 2003, the Company announced an arrangement with Falcon Oil & Gas Limited, a UK based company, whereby Falcon would farm-in to one half of Global’s equity in its Montenegro areas. Falcon would have carried Global’s share of the cost of the seismic survey. Falcon remains interested in the possibility of joining with Global in this way depending on how the border is finally fixed and the revised terms applicable to the Contract with JPK.

Falkland Islands – Oil and Gas



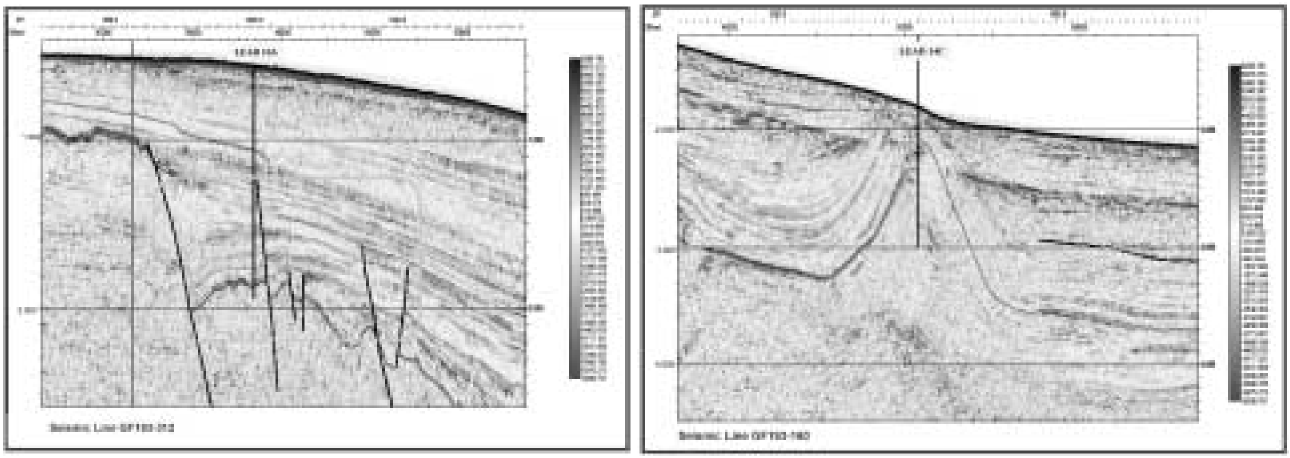
Project Regional Location

Port Facilities – Stanley, the capital of Falkland Islands.

Global has a 50% interest and operatorship of ten licences totaling 57,700 square kilometres of frontier exploration area south and east of the Falkland Islands. Global's joint venture partners are Hardman Resources with 30% and the Falklands Islands Company Limited with 20%.

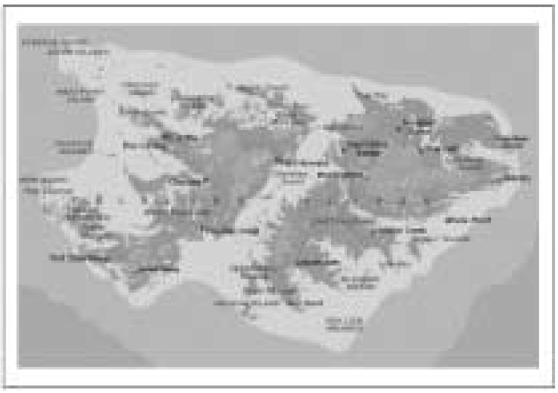
The Joint Venture purchased some 4,460 kms of WesternGeco seismic data recorded over the area in 1993 and undertook some preliminary mapping and review. Reprocessing of some 1,000 kilometres of the data confirms the early positive indications, and several large leads have been identified.

The Joint Venture is seeking a farminee to operate the project and earn significant equity by carrying the Joint Venture companies through the 2004 planned seismic programme and the drilling of one well by 2007.



Seismic sections showing potential prospects in the east (GF193-312) and south (GF193-160) of the Company's Offshore Petroleum Licences.

Falkland Islands – Minerals



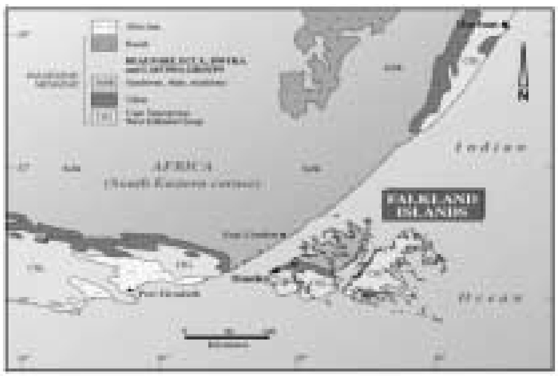
Falkland Islands

Streams flowing from Mt Usborne (in centre) contain gold particles

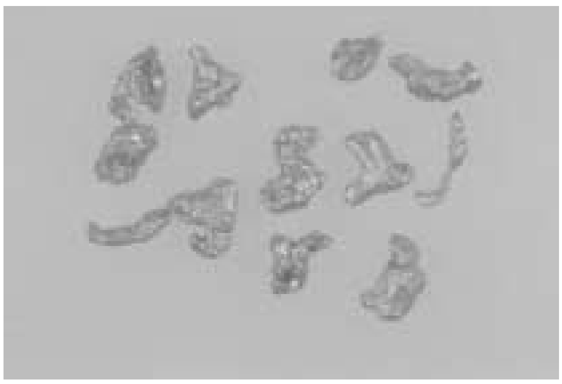
Global has a 33.3% interest and is operator of a Minerals Licence that cover the entire land area of the Falkland Islands. Cambridge Mineral Resources – a UK based company – and the Falkland Islands Company Limited also each have 33.3%.

Global is the first company to have surveyed the mineral potential of the islands and work over the last three years in virtually virgin territory, much of which is peat covered, has produced several areas of interest for gold, platinum, palladium, rare earths, titanium and an area with potentially kimberlitic indicator minerals, where diamonds would be the target.

The Joint Venture has elected to focus its attention on the gold and diamond indicators and a number of prospects have been identified. The Joint Venture is now seeking new partners to advance the encouraging progress to date by farming out significant equity and management to an incoming party. It is hoped to conclude such an arrangement in the coming months.

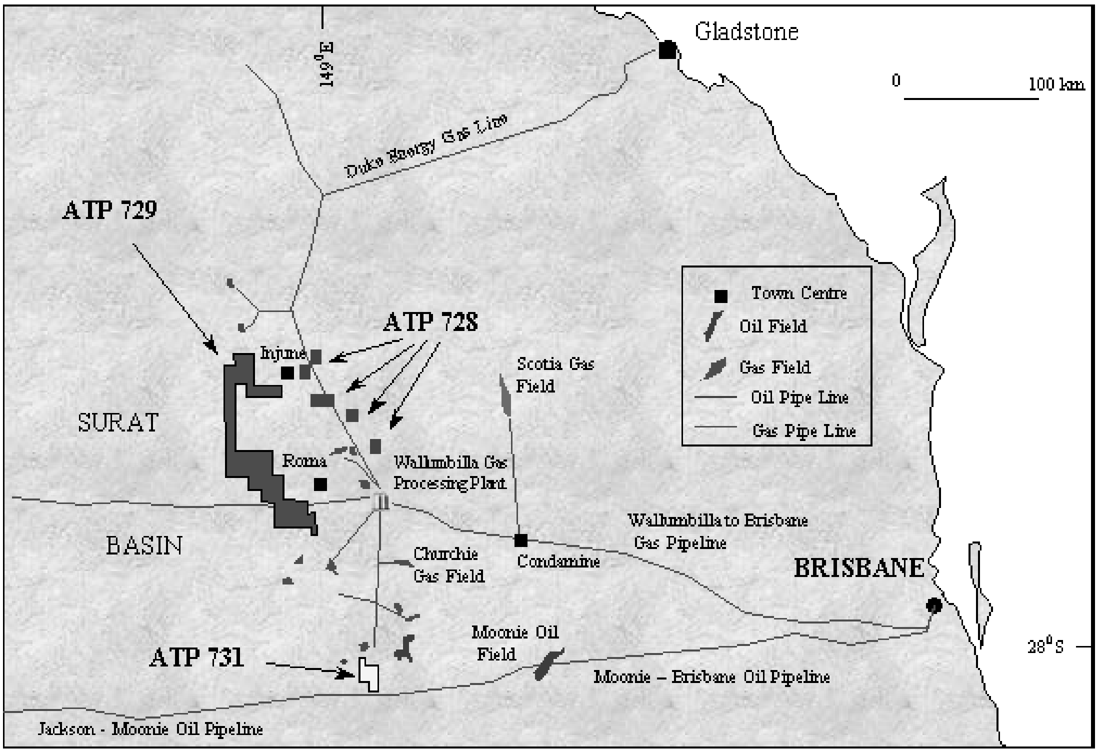


Location of the Falkland Islands before they drifted across the Atlantic



Gold from BS9 – Mt Usborne Prospect
Field of View – 3mm

Queensland – (728P, 729P, 731P)



ATP's Location

VibroSeis trucks used in recording seismic surveys onshore

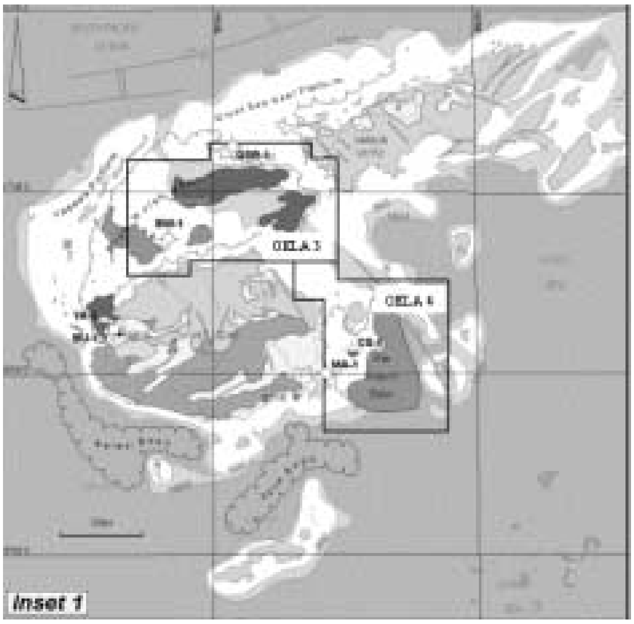
Global has a 100% interest and is operator of three Authorities to Prospect in Queensland's Surat Basin.

ATP 728P covers 432 sq kms to the east of Injune and to the north of Roma; ATP 729P covers 2,535 sq kms to the west of Roma and Injune and ATP 731P covers 184 sq kms to the south of Roma.

The first year's programme will involve a technical review of all existing seismic and well data from the three permits and this should be done by year end 2003.

The ATP's cover land where the underlying title is freehold and is unlikely to be affected by Native Title. This will facilitate seismic and drilling activities should the decision be made to proceed after the data has been completed.

Fiji



Fiji Licences

Hill in background is a Middle Miocene Reef

Global has a 100% interest and is operator of two Exploration Licences in offshore Fiji.

During the year the company relinquished the other five licences it held and obtained the release of the US$100,000 performance bond placed over the licences.

Global is actively seeking a farminee to assist the company through further exploration work in the two remaining licences.

Schedule of Permits

Country	Licence No.	Area Km^2 (gross)	Location	Global %
Kenya	L5	11,571	Offshore Lamu Basin	20
Kenya	L7	9,155	Offshore Lamu Basin	20
Kenya	L10	14,167	Offshore Lamu Basin	20
Kenya	L11	9,943	Offshore Lamu Basin	20
Montenegro	Block 1	1,300	Adriatic Sea	51
Montenegro	Block 2	3,900	Adriatic Sea	51
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 3/2002	8,190	Bligh Water Basin	100
Fiji	OELA 4/2002	7,137	Bau Water Basin	100
Falkland Islands Onshore Minerals	Prospecting Licence	12,173	Entire Onshore area of the Falkland Islands	33 $^1/_3$
Queensland	ATP 728P	432	Surat Basin	100
Queensland	ATP729P	2,535	Surat Basin	100
Queensland	ATP731P	184	Surat Basin	100

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.

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

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.

Deep water
Water depths greater than 200m.

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.

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 rules of ASX.

m
Metre.

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.

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 (PSC) 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.

Seal
An impervious layer over a reservoir which prevents escape of petroleum.

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 shock 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 structure contour maps and ultimately in delineating prospective structures.

Seismic (2D)
A seismic survey made up of widely spaced lines of data.

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

Sq km
Square kilometre, 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 Permian to Cretaceous age in southern Queensland and northern New South Wales.

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 2003

The Directors of Global Petroleum 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 2003 ("consolidated entity") and the auditor's report thereon.

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 – 59
Executive Chairman

Dr Armstrong joined Global Petroleum in June 2002 as Executive Chairman of the company. 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 – 62
Mr Peter Taylor, BSc CEng
Age - 56

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 Plc, a 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 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 Mark S. Savage B.Bus
Age – 46

Mr Savage was born and educated in the United States of America where he 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. 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 23 November 1999.

Mr Alan R. Burns
Age – 62

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. He resigned as a director on 2 July 2003.

Meetings of Directors

The following table sets out the numbers of meetings of Company's directors held during the year ended 30 June 2003, 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
Current Directors			
J D Armstrong	31 May 2002	9	9
P Blakey	4 October 2001	9	5
A Burns	(2 July 2003)	9	7
M S Savage	23 November 1999	9	5
P Taylor	4 October 2001	9	7

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were:

a) Change of principal activity to the petroleum industry with the acquisition of Star Petroleum Plc and Dampier Oil Limited and capital-raising, and the re-listing on the ASX on 22 November 2002;

b) Farmout of the Company's Kenya properties to Woodside;

c) Purchase, study and reprocessing of Falkland Islands offshore seismic information;

d) Relinquishment of five offshore Fiji licences;

e) Declaration of Force Majeure in regard to the consolidated entity's Montenegro contract;

f) Acquisition of three Queensland Authorities to Prospect; and

g) Identification of possible gold and diamond potential of onshore Falkland Islands.

Review and Results of Operations

Consolidated operating loss after tax attributable to the members of Global Petroleum Limited for the year ended 30 June 2003 was $1,887,930 (2002: $1,205,750).

The following is a brief review of operational activity for the past year.

Kenya

Woodside Energy has acquired a 40% interest in the four Kenya blocks from Dana Petroleum and has assumed the role of operator. Late in the financial year Woodside committed to a seismic acquisition program of 5,500 kilometres. This was completed in September 2003 and the data will be processed in Singapore and Perth. Results from interpretation of the data will begin to be available in the first quarter of 2004.

Woodside's technical expertise and its previous experience in West African offshore operations will contribute substantially to the success of the Kenyan venture.

Falkland Islands – Oil and Gas

Global Petroleum purchased 4,460 of seismic data covering the company's acreage off the southern and eastern coastline of the Falkland islands from WesternGeco, and following a preliminary mapping and review process, the company reprocessed 1,000 kilometres of data.

Late in the financial year invitations were sent to a number of experienced offshore operating companies to participate in the further development of the prospects through a 2004 seismic program and the drilling of a well by 2007.

The Company is due to relinquish a number of the blocks by the end of 2003 and work is underway to determine which blocks will be returned.

Falkland Island – Minerals

The possibility of there being mineral deposits in the Company's Mineral Licenses that cover the entire onshore area of the Falkland Islands has been enhanced by the last 12 months work. Global Petroleum is the first company to have begun a survey of the mineral potential of the islands and work over the last three years in virtually virgin territory, much of which is peat covered, has produced several areas of interest for gold, platinum, palladium, rare earths, titanium and an area with potentially kimberlitic indicator minerals, where diamonds would be the target.

The Joint Venture has elected to focus its attention on the gold and diamond indicators and a number of prospects have been identified. The Joint Venture is now seeking new partners to advance the encouraging progress to date by farming out significant equity and management to an incoming party. It is hoped to conclude such an arrangement in the coming months.

Montenegro

Uncertainty about the border between Montenegro and Croatia has frustrated efforts to progress work on the project as the northern boundary of the blocks was called into question by the realignment of part of the border.

The Company has declared Force Majeure but is working with Jugopetrol AD Kotor (JPK) to resolve those various matters in relation to the Contract between JPK and Global.

Fiji

Global Petroleum has relinquished five of its seven blocks held in offshore Fijian waters and obtained the release of the related performance bond of US$100,000. The Company is now seeking farminees to participate in further exploration activity.

Queensland

Global Petroleum has been successful in acquiring three Authorities to Prospect in Queensland's Surat Basin.

The work program in the first year will comprise a technical review of the existing seismic and well data and this work is planned to be completed by the end of 2004.

State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

a) Fully paid ordinary share capital increased during the year as follows:

	$
Exercise of preference share options and conversion to ordinary shares at a exercise price of 20 cents per option	31,470
Shares issued for the acquisition of Star Petroleum Plc and Dampier Oil Limited at a price of at 25 cents per share	20,000,000
Shares issued at 25 cents per share to subscribers to the Company's Prospectus dated 31 May 2002 and Supplementary Prospectus dated 28 August 2002	2,012,000
Increase in fully paid share capital	22,043,470

b) At 30 September 2002 all unexercised preference share options expired and all preference shares were converted to ordinary shares.

Employees

	2003	2002
The number of full time equivalent people employed by the consolidated entity at balance date	3	1

Dividends

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2003.

Post Balance Date Events

As at the date of this report there is no matter or circumstance which has arisen since 30 June 2003 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2003, of the consolidated entity;
(b) the results of those operations; or
(c) the state of affairs, in financial years subsequent to 30 June 2003, of the consolidated entity.

Environmental Regulation

In June 2003 the consolidated entity became subject to environmental regulations in Queensland, as a result of being granted three Authorities to Prospect. These regulations principally ensure exploration is carried out responsibly. The consolidated entity is committed to ensuring full compliance with environmental legislation.

Likely Developments

The Company is continually investigating opportunities to add further Australian and international projects to its portfolio. The emphasis is on a mix which will include some projects to provide early returns, and some which will offer significantly high value medium to longer term opportunities for the Company as it continues to develop and become established as a successful oil and gas explorer and producer.

The directors are not able to provide further information about:

a) likely developments in the consolidated entity's operations; or
b) 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

The relevant interest of each director in the shares and rights and options over such instruments issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Interest in Securities at the date of this Report	
	Ordinary Shares [(1)]	Options [(3)]
J D Armstrong	200,000	10,000,000
M S Savage	-	-
P Blakey	21,575,120 [(2)]	-
P Taylor	21,575,120 [(2)]	-

(1) Ordinary shares means fully paid ordinary shares in the capital of the Company.

(2) These shares are restricted shares under ASX requirements until 22 November 2004.

(3) Options means incentive options to subscribe for one Ordinary Share exerciseable at 25 cents on or before 30 June 2007, and otherwise with the terms contained in the Company's Prospectus dated 31 May 2002.

Directors' and Senior Executives' Emoluments

The maximum amount of remuneration payable per annum to non-executive directors is determined in accordance with limits designated by shareholders on 7 April 1994, with directors fees (excluding retirement benefits) set at an aggregate of up to $100,000.

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

Name	Directors' Fees $	Remuneration $	Other Benefits (1) $	Super Contributions $	Options (3) $	Total $
Directors						
J D Armstrong (Executive Chairman)	-	147,000	35,956	13,230	598,000	794,186
M S Savage	-	-	-	-	-	-
P Blakey	-	-	-	-	-	-
P Taylor	-	-	-	-	-	-
A Burns	-	-	-	-	-	-
Executive Officers						
D Reeves		125,000	25,217	11,250	5,980	167,447
B Clarke (2)		92,354	-	-	-	92,354

(1) Other benefits include annual leave accrued and paid on termination, provision of motor vehicle and car parking and related fringe benefits tax.

(2) Bruce Clarke is the Company Secretary and also performs a number of corporate functions, such as financial accounting and taxation services. The above remuneration relates to all duties performed by Bruce Clarke.

(3) During the year, a total of 10,100,000 incentive options were issued to the following executive officers, being 10,000,000 issued to Executive Chairman, Dr John Armstrong and 100,000 to Derek Reeves, Development Manager. Details of options granted are set out under "Options" below. The estimated value of these options with an exercise price of $0.25 is 5.98 cents per option, as calculated by the Black Scholes model, and is based on a share price of $0.25 at the date of issue of 22 November 2002, when the Company's shares were re-listed on the Australian Stock Exchange. At 30 June 2003, the options were out of the money as the market price of the Company's shares was $0.14 per share.

Options over Unissued Preference Shares

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

During the financial year, 157,350 Options were exercised (at $0.20 each) which resulted in the issue of 157,350 Preference Shares. All remaining Options not exercised by 30 September 2002 expired.

All Preference Shares held at 30 September 2002 (1,161,962) were converted to Ordinary Shares at a 25:1 basis, resulting in the issue of 29,049,050 Ordinary Shares.

As approved by Shareholders at the meeting held on 31 May 2002, all Ordinary Shares issued on 30 September 2002 were consolidated on a 1:25 basis, as part of the issue of new Shares under the Prospectus dated 31 May 2002.

Options

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the following directors and to the following executive officers of the Company as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors	10,000,000	$0.25	30 June 2007
Officers	100,000	$0.25	30 June 2007

All options were granted during the financial year. No options have been granted since the end of the financial year.

Unissued Shares Under Option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
30 June 2007	$0.25	10,100,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares Issued on Exercise of Options

During or since the end of the financial year, there were no ordinary shares issued by the Company as result of the exercise of options.

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 four directors, one of which is an executive director and the other three 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 2001, 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 7 April 1994 at an aggregate of $100,000.

Corporate Governance (continued)

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 petroleum and 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.

Insurance of Officers

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

Indemnification of Officers

To the extent permitted by law, Global Petroleum indemnifies every person who is, or has been, a Director or Secretary, and may, by deed, indemnify or agree to indemnify a person who is, or has been, an officer of Global Petroleum or a subsidiary of the company, against:

a) a liability incurred by that person, in his or her capacity as such a Director, Secretary or Officer, to another person provided that liability is not an Excluded Liability (as defined by the Company's Constitution); or a liability for legal costs and expenses; and

b) legal costs and expenses (other than Excluded Legal Costs, as defined by the Company's Constitution) incurred by that person in defending proceedings for a liability incurred by that person in his or her capacity as such a Director, Secretary or Officer.

To the extent permitted by law, Global Petroleum may make a payment to a person who is a Director or Secretary for the legal costs and expenses incurred by that person in defending proceedings for a liability incurred by that person in his or her capacity as a Director or Secretary provided that the legal costs and expenses are not Excluded Legal Costs (as defined by the Company's Constitution) at the time the payment is made; and the person is obliged to repay the legal costs and expenses to the extent that they become Excluded Legal Costs.

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

JD Armstrong
Director
Adelaide
26 September 2003

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Revenue from ordinary activities	3	**122,990**	**157,049**	**129,620**	**157,049**
Borrowing costs	4	(68)	(17)	(68)	(17)
Depreciation expense	4	(21,807)	(11,341)	(15,786)	(11,341)
Salaries and employee benefits expense		(129,646)	(211,156)	(129,646)	(211,156)
Consulting fees		(57,095)	-	(57,095)	-
Shareholder costs		(63,980)	-	(63,980)	-
Occupancy costs		(20,903)	-	(20,903)	-
Carrying amount of investment sold		-	(297,000)	-	(297,000)
Carrying amount of property, plant and equipment disposed		(26,800)	-	(26,800)	-
Prospectus and acquisition costs written off	4	-	(543,874)	-	(543,874)
Exploration and evaluation expenditure written off	4	(1,709,523)	-	(98,410)	-
Write-down of investment in controlled entity	4	-	-	(1,571,429)	-
Net (other expenses)/recovery of expenses from ordinary activities		18,902	(371,551)	26,164	(371,551)
Share of net profits/(losses) of associate using the equity method		-	(7,951)	-	(7,951)
Profit (loss) from ordinary activities before related income tax expense/(benefit)		**(1,887,930)**	**(1,285,841)**	**(1,828,333)**	**(1,285,841)**
Income tax (expense)/benefit	6	-	80,091	-	80,106
Net Profit/(Loss)	20	**(1,887,930)**	**(1,205,750)**	**(1,828,333)**	**(1,205,735)**
Non-owner transaction changes in equity					
Reduction in share capital by application of accumulated losses	20	-	(50,409,769)	-	(50,409,769)
Total changes in equity from non-owner transactions attributable to the members of the parent entity		**(1,887,930)**	**(51,615,519)**	**(1,828,333)**	**(51,615,504)**
		Cents	**Cents**		
Basic earnings per share	7	(2.38)	(0.20)		
Diluted earnings per share	7	(2.38)	(0.20)		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 25 to 48.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Current Assets					
Cash assets	8	2,046,677	2,007,118	2,041,321	2,007,118
Receivables	9	77,494	86,886	26,521	86,885
Other financial assets	10	161,891	291,495	10,468	291,495
Other assets	11	1,561	-	1,430	-
Total Current Assets		2,287,623	2,385,499	2,079,740	2,385,498
Non-current Assets					
Other financial assets	12	63,246	1,492,049	19,920,621	1,492,050
Receivables	13	-	146,594	553,724	146,594
Property, plant and equipment	14	184,156	112,372	164,126	112,372
Exploration and evaluation expenditure	15	21,066,586	-	888,872	-
Total Non-current Assets		21,313,988	1,751,015	21,527,343	1,751,016
TOTAL ASSETS		23,601,611	4,136,514	23,607,083	4,136,514
Current Liabilities					
Payables	16	140,744	585,240	86,619	585,240
Provisions	17	17,958	29,200	17,958	29,200
Total Current Liabilities		158,702	614,440	104,577	614,440
Non-current Liabilities					
Payables	18	-	-	61,260	61,260
Total Non-current Liabilities		-	-	61,260	61,260
TOTAL LIABILITIES		158,702	614,440	165,837	675,700
NET ASSETS		**23,442,909**	**3,522,074**	**23,441,246**	**3,460,814**
Equity					
Contributed equity	19	26,102,938	4,294,173	26,102,938	4,294,173
Accumulated losses	20	(2,660,029)	(772,099)	(2,661,692)	(833,359)
TOTAL EQUITY	22	**23,442,909**	**3,522,074**	**23,441,246**	**3,460,814**

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 25 to 48.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Cash flows from operating activities					
Payments to suppliers and employees		(625,802)	(968,764)	(444,478)	(968,764)
Goods and services tax refunded		119,991	-	111,839	-
Interest received		122,990	156,649	129,620	156,649
Borrowing costs paid		(68)	(17)	(68)	(17)
Income tax refund		-	80,091	-	80,091
Net cash flows inflow/(overflow) from operating activities	33	(382,889)	(732,041)	(203,087)	(732,041)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(141,941)	(85,028)	(139,182)	(85,028)
Payments for exploration expenditure, including overheads capitalised		(1,213,171)	-	(942,440)	-
Payments for investments		-	(1,500,000)	-	(1,500,000)
Payments for other financial assets		(13,904)	-	(10,468)	-
Advances to controlled entity/associated company		-	(146,594)	(407,130)	(146,594)
Net cash inflow/(outflow) from investing activities		(1,369,016)	(1,731,622)	(1,499,220)	(1,731,622)
Cash flows from financing activities					
Proceeds from issue of securities		2,043,470	108,742	2,043,470	108,742
Share issue expenses		(234,705)	-	(234,705)	-
Net cash inflow/(outflow) from financing activities		1,808,765	108,742	1,808,765	108,742
Net increase/(decrease) in cash held		56,860	(2,354,921)	106,458	(2,354,921)
Cash acquired on acquisition of controlled entities	26(b)	54,954	-	-	-
Cash at beginning of financial year		1,934,863	4,289,784	1,934,863	4,289,784
Cash at end of the financial year	**33**	**2,046,677**	**1,934,863**	**2,041,321**	**1,934,863**

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 25 to 48.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as set out in Note 2, are consistent with those of the previous year.

(b) Reclassification of financial information

Some line items in the previous financial year have been reclassified and repositioned in the financial statements as a result of changes in presentation in the current financial year, as follows:

Â “Other debtors” are now classified as “Current Assets – Receivables” (Note 9), previously classified as “Current Assets – Other”

Â “Share applications received” are now classified as “Current Assets – Other Financial Assets” (Note 10), previously classified as “Current Assets – Other”

Â “Bank overdraft” is now classified as “Current Liabilities – Payables” (Note 16), previously classified as “Cash Assets”

(c) Principles of consolidation

Controlled entities

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Joint venture operations

The consolidated entity’s interests in unincorporated joint ventures are brought to account by including its proportionate share of joint ventures’ assets, liabilities and expenses and the consolidated entity’s revenue from the sale of its share of output on a line-by-line basis, from the date joint control commences to the date joint control ceases.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates and joint ventures, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the consolidated entity’s interest. Unrealised gains relating to associates and joint venture entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

(d) Revenue recognition – Note 3

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Foreign currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

(f) Foreign currency (continued)

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including controlled entities, associates and joint venturers, that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

For integrated operations and hyper-inflationary self-sustaining operations, the translated amounts for non-monetary assets, other than inventory, are compared to recoverable amounts translated at spot rates at reporting dates and any excess is expensed, unless a revaluation reserve balance exists for non-current assets carried at fair value.

(g) Borrowing costs

Borrowing costs include interest and amortisation of discounts or premiums relating to borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Exploration and evaluation expenditure carried forward relating to areas of interest which have not reached a stage permitting reliable assessment of economic benefits are not qualifying assets.

(h) Taxation – Note 6

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

To the extent that dividends are proposed by controlled entities incorporated overseas, the consolidated entity has provided for withholding tax. A provision is also made for the withholding tax on the balance of unremitted profits that eventually will be remitted to the Company.

(i) Acquisitions of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(j) Receivables – Notes 9, 13

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(k) Investments – Notes 12, 26

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

Associates

Associates are those entities over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

Investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases.

Joint ventures

In the consolidated entity's and Company's financial statements, investments in joint venture operations are accounted for as set out in Note 1(c).

(l) Leased assets

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(m) Exploration, evaluation and development expenditure – Note 15

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 are written off in the financial period the decision is made.

(n) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward (refer Note 1(m)), are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

Cost versus fair value

Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

(o) Depreciation

Useful lives

All assets have limited useful lives and are depreciated using either the reducing balance or the straight line method over their estimated useful lives.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of overheads.

(o) Depreciation (continued)

The depreciation rates used for each class of asset are as follows:

	2003	2002
Plant and equipment		
- reducing balance method of depreciation	11.25% to 40%	11.25% to 22.5%
- straight line method of depreciation	40%	40%

(p) Payables – Note 16

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

(q) Employee entitlements – Note 30

Wages, salaries and annual leave

Liabilities for employee entitlements to wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration that the consolidated entity expects to pay as at reporting date, including related on-costs.

Superannuation plan

The Company contributes to a number of defined contribution superannuation plans, into plans nominated by employees. Contributions are recognised as an expense as they are made.

(r) Provisions – Note 17

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is treated as part of the expense related to the particular provision.

(s) Earnings per Share – Note 7

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.

(s) Earnings per Share – Note 7 (continued)

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average numbers of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(t) Cash – Note 33

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.

2. CHANGES IN ACCOUNTING POLICY

Employee benefits

The consolidated entity has applied the revised AASB 1028 "Employee Benefits" for the first time from 1 July 2002.

The liability for wages, salaries and annual leave is now calculated using the remuneration rates the Company expects to pay as at each reporting date, not wages and salary rates current at reporting date.

This has not resulted in any material change in the provision for annual leave at 1 July 2002 or at 30 June 2003.

NOTES TO FINANCIAL STATEMENTS (continued)

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
3. REVENUE FROM ORDINARY ACTIVITIES	$	$	$	$
Revenue from operating activities				
Interest received/receivable – related parties	-	-	8,795	-
Interest received/receivable – other parties	122,990	156,649	120,825	156,649
Other	-	400	-	400
	122,990	157,049	129,620	157,049

4. EXPENSES AND (GAINS)/LOSSES FROM ORDINARY ACTIVITIES

(a) Expenses

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Depreciation of plant and equipment	66,649	11,341	60,628	11,341
Less: capitalised depreciation	(44,842)	-	(44,842)	-
	21,807	11,341	15,786	11,341
Borrowing costs expensed:				
Interest expense – other parties	68	17	68	17
Net expense/(credit) from movement in:				
Provision for employee entitlements	(11,242)	29,200	(11,242)	29,200
Exploration and evaluation expenditure written off	1,709,523	-	98,410	-
Write-down of investment in controlled entity	-	-	1,571,429	-
Operating lease rental expenses	12,153	-	12,153	-

(b) (Gains)/Losses

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Net losses on disposal of property, plant and equipment	26,800	3,274	26,800	3,274
Net foreign exchange (gains)/losses	37,926	-	-	-

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

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

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Exploration and evaluation expenditure written off	(1,709,523)	-	(98,410)	-
Write-down of investment in controlled entity	-	-	(1,571,429)	-
Loss on sale of investment	-	(297,000)	-	(297,000)
Prospectus and acquisition costs related to capital raising written off	-	(543,874)	-	(543,874)

5. AUDITORS' REMUNERATION

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Audit services:				
Auditors of the Company, KPMG Australia				
- audit and review of financial reports	30,500	-	26,000	-
Other auditors				
- audit and review of financial reports	10,000	6,000	-	6,000
Other services:				
Auditors of the Company, KPMG Australia	8,000	-	7,500	-
Other auditors	-	21,290	-	21,290
	48,500	27,290	33,500	27,290

KPMG are the auditors of the consolidated entity and the Company for the year ended 30 June 2003. In addition, other auditors performed audit services for certain controlled entities acquired during the year. Stanton Partners were the previous auditors of the consolidated entity and the Company.

6. INCOME TAX

(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:

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Profit (loss) from ordinary activities before tax	(1,887,930)	(1,285,841)	(1,828,333)	(1,285,841)
Income tax calculated at 30% (2002: 30%)	(566,379)	(385,752)	(548,500)	(385,752)
Tax effect of permanent differences:				
Exploration and evaluation expenditure written-off	483,334	-	-	-
Write-down of investment	-	-	471,429	-
Non deductible expenses	-	194,410	-	194,410
Capital loss on sale of investment	-	89,100	-	89,100
Tax losses not brought to account	83,045	102,242	77,071	102,242
Income tax adjusted for permanent differences	-	-	-	-
Income tax refund	-	80,091	-	80,106
Income tax revenue attributable to operating profit (loss)	-	80,091	-	80,106

(b) Future income tax benefits arising from tax losses and timing differences have not been brought to account at balance date as recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond reasonable doubt:

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Tax losses carried forward	1,165,286	1,128,879	1,098,703	1,086,016
Timing differences	(265,643)	(262,682)	(261,274)	(276,951)
	899,643	866,197	837,429	809,065

6. INCOME TAX (continued)

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, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with by the relevant company and/or the consolidated entity; and

(iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

7. EARNINGS PER SHARE

	Consolidated	
	2003 Cents	2002 Cents
Basic earnings per share	(2.38)	(0.20)
Diluted earnings per share is not materially different from basic earnings per share	(2.38)	(0.20)
Earnings used in the calculation of basic and diluted earnings per share	(1,887,930)	(1,205,750)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share [1]	79,258,330	590,711,110

[1] During the year ended 30 June 2003, a capital consolidation of 25:1 of all ordinary shares occurred, refer Note 19. The calculation of the weighted average number of ordinary shares outstanding during the year has taken into account this capital consolidation and the number of days that shares were on issue during the year.

There has been no conversion to, calls of, or subscriptions for ordinary shares since the reporting date and before the completion of this financial report.

Options to purchase ordinary shares not exercised at 30 June 2003 have not been included in the determination of basic earnings per share and diluted earnings per share as they are not dilutive. Details regarding these options are set out in Note 30.

8. CASH ASSETS

	Consolidated		Global Petroleum	
	2003 $	2002 $	2003 $	2002 $
Cash at bank and on hand	36,157	-	30,801	-
Bank short term deposits [1]	2,010,520	2,007,118	2,010,520	2,007,118
	2,046,677	2,007,118	2,041,321	2,007,118

[1] The bank short term deposits at 30 June 2003 mature within 30 to 90 days (2002: at call)

9. CURRENT ASSETS – Receivables

Other debtors	77,494	86,886	26,521	86,885

NOTES TO FINANCIAL STATEMENTS (continued)

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
10. CURRENT ASSETS – Other Financial Assets				
Deposits	161,891	-	10,468	-
Share applications received [1]	-	291,495	-	291,495
	161,891	291,495	10,468	291,495

[1] Share applications received in 2002, prior to close of share offer in 2003.

11. CURRENT ASSETS – Other

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Prepayments	1,561	-	1,430	-

12. NON-CURRENT ASSETS – Other Financial Assets

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Deposits	63,246	-	-	-
Investments in:				
Controlled entities				
- Unlisted shares at cost (Note 26)	-	-	19,920,621	1
Other entities – associated company				
- Unlisted shares at cost (33% of Dampier Oil Limited held, and represented by Dampier exploration interests in Fiji and Falkland Islands)	-	1,500,000	-	1,500,000
- Less share of losses	-	(7,951)	-	(7,951)
	-	1,492,049	-	1,492,049
	63,246	1,492,049	19,920,621	1,492,050

13. NON-CURRENT ASSETS – Receivables

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Advance to controlled entity (Dampier Oil Limited – 2003: 100% holding; 2002: Advance to associated company, 33% holding). Secured by a fixed and floating charge on the assets of Dampier.	-	146,594	146,594	146,594
Amounts receivable from controlled entities, unsecured (Note 31)	-	-	407,130	-
	-	146,594	553,724	146,594

NOTES TO FINANCIAL STATEMENTS (continued)

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
14. NON-CURRENT ASSETS – Property, Plant and Equipment				
Plant and equipment, including motor vehicles – at cost	245,129	128,041	219,078	128,041
Accumulated depreciation	(60,973)	(15,669)	(54,952)	(15,669)
	184,156	112,372	164,126	112,372
Reconciliations				
Plant and Equipment				
Carrying amount at beginning of the year	112,372	41,959	112,372	41,959
Additions	165,233	85,428	139,182	85,428
Disposals	(26,800)	(3,674)	(26,800)	(3,674)
Depreciation expense	(66,649)	(11,341)	(60,628)	(11,341)
	184,156	112,372	164,126	112,372
15. NON CURRENT ASSETS – Exploration and evaluation expenditure				
Costs carried forward in respect of areas of interest in:				
Exploration and/or evaluation phase – at cost	21,066,586	-	888,872	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
16. CURRENT LIABILITIES – Payables				
Bank overdraft, unsecured	-	72,255	-	72,255
Share applications held in trust (refer Note 10)	-	291,712	-	291,712
Accrued expenses and creditors	140,744	221,273	86,619	221,273
	140,744	585,240	86,619	585,240
17. CURRENT LIABILITIES – Provisions				
Employee entitlements (Note 30)	17,958	29,200	17,958	29,200
18. NON-CURRENT LIABILITIES – Payables				
Amounts payable to controlled entity, unsecured (Note 31)	-	-	61,260	61,260

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
19. CONTRIBUTED EQUITY				
(a) Issued and paid up capital	26,102,938	4,294,173	26,102,938	4,294,173

Issued and paid-up capital is net of prospectus and capital-raising costs of $234,705 (2002: Nil).

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

Date	Details	Note	No. of Ordinary Shares	No. of Preference Shares	No. of Options	Issue Price $	$
01/07/02	Opening Balance		626,870,202	1,004,612	11,652,458		4,294,173
	Exercise of Preference Share Options	(i)	-	157,350	(157,350)	0.20	31,470
30/09/02	Conversion of Preference Shares	(ii)	29,049,050	(1,161,962)	-		-
30/09/02	Expiry of Preference Shares Options	(iii)	-	-	(11,495,108)		-
28/10/02	Capital Consolidation at 25:1	(iv)	(629,682,586)	-	-		-
22/11/02	Shares Issued	(v)	88,048,000	-	-	0.25	22,012,000
30/06/03	Closing Balance		114,284,666	-	-		26,337,643

(i) Pursuant to the terms and conditions of the Prospectus dated 13 September 2000, a further 157,350 Preference Shares were issued during the year following the exercise of 157,350 Options, which raised $31,470.

(ii) 29,049,050 ordinary shares were issued following the conversion of 1,161,962 Preference Shares, pursuant to the terms and conditions of the Prospectus dated 13 September 2000.

(iii) 11,495,108 Preference Share Options not exercised by 30 September 2002 expired.

(iv) A capital consolidation of 25:1 of all ordinary shares was finalised at 28 October 2002, prior to shares issued under the Prospectus dated 31 May 2002.

(v) A total of 88,048,000 ordinary shares st $0.25 each were issued on 22 November 2002 under the Prospectus dated 31 May 2002, comprising 8,048,000 shares to subscribers and 80,000,000 shares under the terms of the Share Sale Agreement for the acquisition of 100% of Star Petroleum Plc and the remaining 66.7% of Dampier Oil Limited.

(vi) Following the completion of the acquisition of Star Petroleum Plc and Dampier Oil Limited on 22 November 2002, the Company issued 10,000,000 incentive options, exercisable at $0.25 before 30 June 2007 to the Executive Chairman, Dr J D Armstrong, under an agreement approved by shareholders on 31 May 2002. The terms of the incentive options are detailed in Note 30.

19. CONTRIBUTED EQUITY (Continued)

(c) Rights Attaching to Ordinary Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

20. ACCUMULATED LOSSES

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Balance at the beginning of year	(772,099)	(49,976,118)	(833,359)	(50,037,393)
Net profit (loss)	(1,887,930)	(1,205,750)	(1,828,333)	(1,205,735)
Total available for appropriation	(2,660,029)	(51,181,868)	(2,661,692)	(51,243,128)
Dividends provided for or paid	-	-	-	-
	(2,660,029)	(51,181,868)	(2,661,692)	(51,243,128)
Losses applied to reduction of capital by shareholder approval on 31 May 2002	-	50,409,769	-	50,409,769
Balance at end of year	(2,660,029)	(772,099)	(2,661,692)	(833,359)

(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.

21. DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial years ended 30 June 2003 and 2002.

22. TOTAL EQUITY RECONCILIATION

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Total equity at beginning of year	3,522,074	4,619,082	3,460,814	4,557,807
Total changes in parent entity interest in equity recognised in statement of financial performance	(1,887,930)	(1,205,750)	(1,828,333)	(1,205,735)
Transactions with owners as owners:				
Contributions of equity	22,043,470	108,742	22,043,470	108,742
Transaction costs relating to issue of equity	(234,705)	-	(234,705)	-
Total equity at end of year	23,442,909	3,522,074	23,441,246	3,460,814

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	Weighted Av Int. Rate	Floating Interest Rate	Fixed Interest Rate	Non-Interest Bearing	Total
2003			$	$	$	$
Financial Assets						
Cash assets	8	4.6%	2,046,677	-	-	2,046,677
Receivables	9	-	-	-	77,494	77,494
Other financial assets	10, 12	0.5%	214,669	-	10,468	225,137
			2,261,346	-	87,962	2,349,308
Financial Liabilities						
Payables	16	-	-	-	140,744	140,744
Employee entitlements	17	-	-	-	17,958	17,958
			-	-	158,702	158,702
Net Financial Assets (Liabilities)			2,261,346	-	(70,740)	2,190,606
2002			$	$	$	$
Financial assets						
Cash assets	8	4.5%	2,007,118	-	-	2,007,118
Receivables	9, 13	6.0%	-	146,594	86,886	233,480
Other financial assets	10, 12	-	-	-	1,783,544	1,783,544
			2,007,118	146,594	1,870,430	4,024,142
Financial liabilities						
Payables	16	-	-	-	585,240	585,240
Employee entitlements	17	-	-	-	29,200	29,200
			-	-	614,440	614,440
Net Financial Assets (Liabilities)			2,007,118	146,594	1,255,990	3,409,702

(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 approximate their carrying value.

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

(c) Credit Risk Exposure

The credit risk on financial assets of the consolidated entity which have recognised on the statement of financial position is generally the carrying amount. The consolidated entity does not have off-balance sheet financial instruments.

24. COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company and the consolidated entity are required to perform minimum exploration work to meet the minimum expenditure requirements specified by various Australian State governments and foreign governments where exploration tenements are held. These obligations are subject to renegotiation when application for a tenement is made and at other times. They exclude the costs of the consolidated entity's commitments in:

- Kenya, which have been farmed out as set out in the Directors' Report;
- Montenegro, where unresolved border issues are still to be resolved; and
- Falkland Islands offshore, where discussions with the potential partners are ongoing.

The finalisation of these matters would cover the consolidated entity's share of costs in these areas.

The obligations not provided for in the financial report are payable:

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Within one year	96,666	-	55,000	-
One year or later and no later than five years	41,666	-	-	-
	138,332	-	55,000	-

Financial commitments for subsequent periods can only be determined at future dates, as the success or otherwise of exploration programmes determines courses of action allowed under options available in tenements.

Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Within one year	4,640	-	4,640	-
One year or later and no later than five years	10,440	-	10,440	-
	15,080	-	15,080	-

Employee commitments – Executive Officers

Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Within one year	9,462	-	9,462	-
One year or later and no later than five years	19,712	-	19,712	-
	29,174	-	29,174	-

25. CONTINGENT LIABILITIES

Indemnities

Indemnities have been provided to directors and certain executive officers of the Company in respect of liabilities to third parties arising from their positions, except where the liability arises out of conduct involving a lack of good faith. No monetary limit applies to these agreements and there are no known obligations still outstanding at 30 June 2003 and 2002.

25. CONTINGENT LIABILITIES (continued)

Guarantees

The consolidated entity and Company has provided bank guarantees totaling $78,000 in relation to prospecting activities in Queensland, Australia.

26. CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Percentage of Equity Holding 2003 %	Percentage of Equity Holding 2002 %	Investment 2003 $	Investment 2002 $
Parent Entity						
Global Petroleum Limited	Australia					
Controlled Entities						
Star Petroleum Plc [1]	United Kingdom	Ordinary	100	-	18,994,997	-
Star Petroleum Holdings Limited [2]	British Virgin Islands	Ordinary	100	-	-	-
Star Petroleum International (Kenya) Limited [2]	British Virgin Islands	Ordinary	100	-	-	-
Star Petroleum Exploration (Jordan) Limited [2]	British Virgin Islands	Ordinary	100	-	-	-
Dampier Oil Limited	Australia	Ordinary	100	33	925,623	-
Falkland Islands Mineral Development Limited [2]	Falkland Islands	Ordinary	100	33	-	-
Starmonte Limited [1]	Montenegro	Ordinary	51	-	-	-
Global Mine Management Pty Ltd [2]	Australia	Ordinary	100	100	1	1

(1) No separate audit opinion as at 30 June 2003 as the companies have differing financial year ends. The results and state of affairs of the entity has been reviewed in forming the audit opinion on the financial report of the consolidated entity.

(2) No separate audit opinion issued as not required in place of incorporation. The results and state of affairs of the entity has been reviewed in forming the audit opinion on the financial report of the consolidated entity.

(b) Acquisition/disposal of controlled entities

The following controlled entities were acquired during the financial year:

Acquisitions of entities

2003

During the financial year the Company purchased 100% of the voting shares of Star Petroleum Plc and the remaining 66.7% of the voting shares of Dampier Oil Limited under the terms of a Share Sale Agreement approved by shareholders at a meeting on 31 May 2002, as part of a capital-raising covered by the Prospectus dated 31 May 2002. The Company previously held a 33.3% interest in Dampier Oil Limited. The acquisitions of Star Petroleum Plc and Dampier Oil Limited became effective on 22 November 2002 with the successful re-listing of Global Petroleum on the Australian Stock Exchange. The operating results of the entities from that date have been included in consolidated operating profit. Both entities are involved in petroleum exploration industry.

26. CONTROLLED ENTITIES (continued)

(b) Acquisition/disposal of controlled entities (continued)

Acquisitions of entities (continued)

Details of the acquisitions are as follows:

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Consideration – Shares	20,000,000	-	20,000,000	-
Consideration – Cash (paid in 2002 financial year) (1)	1,500,000	-	1,500,000	-
	21,500,000	-	21,500,000	-
Fair value of net assets of entity acquired: (2)				
Cash assets	54,954	-	54,954	-
Other current assets	845	-	845	-
Property, plant and equipment	23,292	-	23,292	-
Exploration expenditure and tenements	21,526,047	-	21,526,047	-
Other non-current assets	279,159	-	279,159	-
Payables	(235,782)	-	(235,782)	-
Other current liabilities	(148,515)	-	(148,515)	-
	21,500,000	-	21,500,000	-

(1) Consideration of $1,500,000 cash was paid in the year ended 30 June 2002 for a 33.3% interest in Dampier Oil Limited and this company was an associated entity of Global Petroleum Limited at 30 June 2002. As disclosed above, the remaining 66.7% interest in Dampier Oil Limited was acquired on 22 November 2002.

(2) The above represents the fair value of assets of Star Petroleum Plc and Dampier Oil Limited at the date that these entities became a controlled entity of Global Petroleum Limited on 22 November 2002.

2002

The consolidated entity did not acquire any entities in the prior financial year.

27. INTERESTS IN JOINT VENTURE OPERATIONS

The consolidated entity holds the following interests in various joint ventures, whose principal activities are in petroleum or minerals exploration.

		Joint Venture % Interest held			
Joint Venture	Principal Activity	Consolidated		Global Petroleum	
		2003	2002	2003	2002
		%	%	%	%
Falkland Island Offshore	Petroleum exploration	50.0	-	-	-
Falkland Island Minerals	Gold, diamonds exploration	33.3	-	-	-
Kenya	Petroleum exploration	20.0	-	-	-

Included in the assets and liabilities of the consolidated entity are the following items which represent the consolidated entity's interest in the assets and liabilities employed in the joint venture recorded in accordance with the accounting policies described in Note 1(c).

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Exploration and evaluation expenditure	427,079	-	-	-

Refer to Notes 24 and 25 for details of commitments and contingent liabilities.

28. REMUNERATION OF DIRECTORS

	Directors of Entities in the Consolidated Entity		Directors of Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
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	196,186	218,250	196,186	218,250

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

	2003	2002
	No.	No.
$ – $		
0,000 – 9,999	4	3
20,000 – 29,999	-	2
160,000 – 169,999	-	1
190,000 – 199,999	1	-

29. REMUNERATION OF EXECUTIVES

	Executive Officers of the Consolidated Entity		Executive Officers of Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
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	357,653	162,000	357,653	162,000

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:

	Executive Officers of the Consolidated Entity		Executive Officers of Global Petroleum	
	2003	2002	2003	2002
	No.	No.	No.	No.
$ – $				
160,000 – 169,999	1	1	1	1
190,000 – 199,999	1	-	1	-

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

30. EMPLOYEE ENTITLEMENTS

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Employee entitlement liabilities:				
Provision for employee entitlements (Note 17)	17,958	29,200	17,958	29,200
Aggregate employee entitlement liabilities	17,958	29,200	17,958	29,200

Incentive Options

On 22 November 2002, Incentive Options were issued at no cost to the following employees:

Employee	Number issued	Exercise Price	Closing market price at date issued
J D Armstrong (Executive Chairman)	10,000,000	$0.25	$0.15
D Reeves	100,000	$0.25	$0.15

The market value at the date of issue of the 10,100,000 options was $603,980.

At 30 June 2003, these options to acquire ordinary shares in the Company were outstanding.

The options expire on 30 June 2007. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The market price of the Company's ordinary shares at 30 June 2003 was $0.14.

31. 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)
P Blakey (appointed 4 October 2001)
P Taylor (appointed 4 October 2001)
A Burns (appointed 4 October 2001, resigned 2 July 2003)

On 31 May 2002, the Company entered into Deeds of Indemnity, Insurance and Access with each director. These deeds were approved by shareholders at the General Meeting held on 31 May 2002.

(b) Remuneration

Information on remuneration in connection with the directors is disclosed in Note 28.

(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:

	2003	2002
Ordinary shares	43,419,244	-
Incentive Options expiring 30 June 2007	10,000,000	-
Options expiring on 30 September 2002	-	3,750,000

31. RELATED PARTIES (continued)

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

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

	2003	2002
Ordinary shares (see Notes (iii) and (iv))	43,419,244	93,750,000
Incentive Options expiring 30 June 2007	10,000,000	-

(iii) 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.

(iv) During 2002 a related entity of Mr Savage was issued 93,750,000 Ordinary Shares following the conversion of 93,750,000 Preference Shares.

(d) Other Transactions with Directors and Director Related Entities

As disclosed in Note 26(a), during the year the Company purchased 100% of the voting shares of Star Petroleum Plc and the remaining 66.7% of the voting shares of Dampier Oil Limited for consideration of shares in the Company.

Peter Taylor and Peter Blakey and their director related entities and Alan Burns, who are all directors of the Company, were shareholders of Star Petroleum Plc and Dampier Oil Limited at the date of acquisition of these companies by the Company. The total number of shares issued to these directors and their director related entities was 40,885,244 shares at $0.25 each.

The acquisitions were approved by shareholders at the General Meeting held on 31 May 2002 and the notice of that meeting contained further details regarding the above transactions.

(e) Global Petroleum Group

The Global Petroleum Group consists of Global Petroleum Limited and its controlled entities, as set out in Note 26.

Transactions between Global Petroleum Limited and related parties in the Group during the year ended 30 June 2003 included a loan advanced to Global Petroleum Limited by its controlled entity, Global Mine Management Pty Ltd, 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 controlled entity.

(f) Other related parties

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Loan advanced to controlled entity (2002: associated company) (Note 13)	-	146,594	146,594	146,594

Loan advanced to Dampier Oil Limited bears interest at 6% pa. At 30 June 2003, the loan has no fixed term of repayment.

NOTES TO FINANCIAL STATEMENTS (continued)

31. RELATED PARTIES (continued)

(f) Other related parties (continued)

	Consolidated		Global Petroleum	
	2003	2002	2003	2002
	$	$	$	$
Aggregate amounts receivable from, and payable to, controlled entities at balance date were as follows:				
Amounts receivable from controlled entities (Note 13)	-	-	407,130	-
Amounts payable to controlled entity (Note 18)	-	-	61,260	61,260

Amounts receivable from and payable to controlled entities are non-interest bearing and have no fixed terms of repayment.

(g) Controlling Entities

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

32. SEGMENT REPORTING

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Principal reporting - Geographical Segments

The consolidated entity's geographical segments are as follows:

2003	Australia $	Europe $	Africa $	Falkland Islands $	Fiji $	Eliminations $	Consol. $
Revenue							
External revenue	122,990	-	-	-	-	-	122,990
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue							**122,990**
Result							
Segment result	(1,722,408)	(22,333)	-	(5,095)	(1,709,523)	1,571,429	(1,887,930)
Income tax (expense)/benefit							-
Net profit/(loss)							**(1,887,930)**
Depreciation	17,712	-	-	4,095	-	-	21,807
Non-cash expenses/(credit) other than depreciation	(11,242)	-	-	-	-	-	(11,242)
Individually significant items							
Exploration and evaluation expenditure written off	-	-	-	-	(1,709,523)	-	(1,709,523)
Assets							
Segment assets	22,496,635	2,728,955	17,125,397	831,056	911,421	(20,491,853)	**23,601,611**
Liabilities							
Segment liabilities	109,577	321,535	-	1,067,845	-	(1,340,255)	**158,702**
Acquisitions of non-current assets	386,839	2,220,102	17,237,336	832,765	2,517,340	-	23,194,382

NOTES TO FINANCIAL STATEMENTS (continued)

32. SEGMENT REPORTING (continued)

Principal reporting - Geographical Segments (continued)

2002	Australia $	Other $	Eliminations $	Consol. $
Revenue				
External revenue	157,049	-	-	157,049
Inter-segment revenue	-	-	-	-
Total revenue				**157,049**
Result				
Segment result	(1,277,890)	-	-	(1,277,890)
Share of net loss of equity accounted investments				(7,951)
Loss from ordinary activities before income tax				(1,285,841)
Income tax (expense)/benefit				80,091
Net profit/(loss)				**(1,205,750)**
Depreciation	11,341	-	-	11,341
Non-cash expenses other than depreciation	29,200	-	-	29,200
Individually significant items				
Loss on sale of investment	297,000	-	-	297,000
Prospectus and acquisition costs related to capital raising costs written off	543,874	-	-	543,874
Assets				
Segment assets	4,136,514	-	-	**4,136,514**
Liabilities				
Segment liabilities	614,440	-	-	**614,440**
Acquisitions of non-current assets	1,585,028	-	-	1,585,028

Secondary reporting – Business segments

The consolidated entity operates within one business segment, being the petroleum and mineral exploration industry. Accordingly, the consolidated entity's total revenue, total assets and total acquisition of non-current assets relates to that business segment.

NOTES TO FINANCIAL STATEMENTS (continued)

33. STATEMENT OF CASH FLOWS

(a) Reconciliation of Net Profit (Loss) to Net Cash Outflow from/(used in) Operating Activities

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Net profit (loss)	(1,887,930)	(1,205,750)	(1,828,333)	(1,205,735)
Loss on disposal of non-current assets	26,800	3,274	26,800	3,274
Loss on sale of investments – other	-	297,000	-	297,000
Exploration and evaluation expenditure written off	1,709,523	-	98,410	-
Write-down of investment in controlled entity	-	-	1,571,429	-
Depreciation	21,807	11,341	15,786	11,341
Net foreign exchange losses	37,926	-	-	-
Share of associate's losses	-	7,951	-	7,951
Provision for employee entitlements	(11,242)	2,200	(11,242)	2,200
Net cash provided by/(used in) before change in assets and liabilities	(103,116)	(883,984)	(127,150)	(883,969)
Change in operating assets and liabilities, net of effects from purchase/sale of controlled entities:				
Decrease/(Increase) in receivables	8,316	(52,198)	60,364	(52,213)
Decrease/(Increase) in prepayments	(1,561)	(10,344)	(1,430)	(10,344)
(Decrease)/increase in payables	(286,528)	214,485	(134,871)	214,485
Net cash outflow from/(used in) operating activities	(382,889)	(732,041)	(203,087)	(732,041)

(b) Reconciliation of cash on hand

	Consolidated 2003 $	Consolidated 2002 $	Global Petroleum 2003 $	Global Petroleum 2002 $
Cash at bank and on hand	36,157	(72,255)	30,801	(72,255)
Bank short term deposits	2,010,520	2,007,118	2,010,520	2,007,118
	2,046,677	1,934,863	2,041,321	1,934,863

(c) Non-cash investing and financing activities

During the year, the Company isssued 80 million shares at $0.25 each for the acquisition of controlled entities as disclosed in Notes 19 and 26(b).

DIRECTORS' DECLARATION

In the opinion of the directors of Global Petroleum Limited ("the Company"):

(a) the financial statements and notes set out on pages 22 to 48 are in accordance with 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 2003 and of their performance, as represented by the results of their operations and cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

J D Armstrong
Director
Adelaide, 26 September 2003

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GLOBAL PETROLEUM LIMITED

Scope

We have audited the financial report of Global Petroleum Limited ("the Company") for the financial year ended 30 June 2003, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes 1 to 33, and the directors' declaration set out on pages 22 to 49. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year 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 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 2003 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.

KPMG

KPMG

Robert S Jones

Robert S Jones
Partner

Brisbane
26 September 2003

ADDITIONAL INFORMATION

Additional Information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information was prepared based on share registry information processed up to 25 September 2003.

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
Peter Blakey	18,668,812	16.34
Peter Taylor	18,668,812	16.34
Zambari Overseas Limited	11,869,000	10.39
Alberview Ltd	10,620,020	9.29
Glenwyn Benson & Sandra Anne David atf Estate Martin Ramsay David	9,700,824	8.49
TM Services Limited	3,478,616	3.04
Trustees for TM Services Pension Scheme	2,334,000	2.04
Thomas Patrick Cross & Linda Cross	2,164,800	1.89
ANZ Nominees Limited	1,862,500	1.63
James Webb	1,747,128	1.53
Seydor Limited	1,439,976	1.26
Arredo Pty Ltd	1,300,000	1.14
A & A Martins Pty Ltd	1,252,000	1.10
Piranha Nominees Pty Ltd	1,100,000	0.96
TRG Corporation Pty Ltd	900,000	0.79
Oakbay Limited	759,000	0.66
Balfes (Qld) Pty Ltd <Balfes Super Fund Account>	642,000	0.56
Balfes (Qld) Pty Ltd <Balfes No 1 Account>	500,000	0.44
Victoria Burns	414,000	0.36
Derek Reeves	400,008	0.35
Total Top 20	**89,821,496**	**78.60**
Others	24,463,170	21.40
Total Ordinary Shares on Issue	**114,284,666**	**100.00%**

(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.

(d) Incentive Options

As disclosed elsewhere in this report, 10,000,000 incentive options are held by John Armstrong and 100,000 by Derek Reeves.

2. DISTRIBUTION OF EQUITY SECURITIES

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

	Ordinary Shares
1 - 1,000	1,153
1,001 - 5,000	1,049
5,001 - 10,000	387
10,001 - 100,000	407
100,001 - and over	54
	3,050

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

	Ordinary Shares
1 - 1,000	576,504
1,001 - 5,000	2,613,697
5,001 - 10,000	3,066,956
10,001 - 100,000	11,344,876
100,001 - and over	96,682,633
	114,284,666

(c) Number of holders of unmarketable parcels

	Ordinary Shares
	1,865

3. RESTRICTED SECURITIES

Ordinary shares – restricted for 12 months from 22 November 2002 – 39,114,756
Ordinary shares – restricted for 24 months from 22 November 2002 – 40,885,244
80,000,000

Incentive options – restricted for 24 months from 22 November 2002 – 10,000,000

4. SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Number of Shares
Peter Blakey	18,668,812
Peter Taylor	18,668,812
Zambari Overseas Limited	11,869,000
Alberview Ltd	10,620,020
Glenwyn Benson & Sandra Anne David atf Estate Martin Ramsay David	9,700,824

5. VOTING RIGHTS

See Note 19 of the Notes to the Financial Statements.

6. ON-MARKET BUY BACK

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