GLOBAL PETROLEUM LIMITED

ABN 68 064 120 896

ANNUAL REPORT 2007

CORPORATE DIRECTORY

Directors

Mr Mark Savage - Chairman

Mr Peter Blakey

Mr Peter Taylor

Mr Peter Dighton

Mr Ian Middlemas

Company Secretary

Mr Shane Cranswick

Registered and Principal Office

Level 9, BGC Centre

28 The Esplanade

Perth WA 6000

Telephone: +61 8 9322 6322

Facsimile: +61 8 9322 6558

Share Registers

Computershare Investor Services Pty Ltd

Level 19, CPA Building

307 Queen Street

Brisbane QLD 4000, Australia

Telephone: +61 7 3237 2100

Facsimile: +61 7 3229 9860

Computershare Investor Services Plc

The Pavillions

Bridgewater Road

Bristol BS99 7NH

United Kingdom

Telephone: +44 870 889 3105

Stock Exchange Listings

Global Petroleum Limited shares are listed on the Australian Securities Exchange (Symbol: GBP) and the Alternative Investment Market (AIM) of the London Stock Exchange (Symbol: GBP)

Home Exchange: Brisbane Office

Australian Securities Exchange

Riverside Centre

Level 6, 123 Eagle Street

Brisbane QLD 4000

Australia

Solicitors

Hardy Bowen Lawyers

Level 1, 28 Ord Street

West Perth WA 6005

Australia

Auditor

KPMG

152-158 St George's Terrace

Perth WA 6000

Australia

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The Directors of Global Petroleum Limited present their report on the Consolidated Entity consisting of Global Petroleum Limited ("the Company" or "Global" or "Parent") and the entities it controlled at the end of, or during, the year ended 30 June 2007 ("Consolidated Entity" or "Group").

DIRECTORS

The names of Directors in office at any time during the financial year or since the end of the financial year are:

Mr Mark Savage
Mr Peter Blake
Mr Peter Dighton
Mr Peter Taylor
Mr Ian Middlemas (appointed on 2 April 2007)
Dr John Armstrong (resigned on 2 April 2007)

Unless otherwise disclosed, Directors held their office from 1 July 2006 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Mark Savage BBus
Chairman

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.

During the three year period to the end of the financial year, Mr Savage has held directorships in CGA Mining Ltd (April 2000 – present), Stirling Products Ltd (April 2004 – September 2006) and Tower Resources Plc (January 2006 – present).

Mr Savage was appointed a director of the Company on 23 November 1999, and Chairman of the Company on 2 April 2007.

Mr Peter Blakey BSc CEng
Non-Executive Director

Mr Peter Taylor, BSc CEng
Non-Executive Director

Mr Blakey and Mr Taylor are joint chairmen of TM Services Ltd, an international oil and gas consulting company. In 1991, they were founding 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 founding 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.

During the three year period to the end of the financial year, Mr Blakey and Mr Taylor both held a directorship in Tower Resources Plc (January 2006 – present).

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

CURRENT DIRECTORS AND OFFICERS (CONTINUED)

Mr Peter Dighton LLB
Non-Executive Director

Mr Dighton, principal of Law Strategies Pty Ltd, is a qualified lawyer and an expert in the planning, structuring and documentation of major energy projects and transactions. He has undertaken projects in Australia, Papua New Guinea, Indonesia, India, Europe and the Middle East on behalf of oil majors, listed companies and government owned corporations.

During the three year period to the end of the financial year, Mr Dighton has held directorships in Falkland Oil and Gas Ltd (October 2004 – present) and Texon Petroleum Ltd (May 2006 – present).

Mr Dighton was appointed a director of the Company on 23 December 2003.

Mr Ian Middlemas B.Com, CA
Non-Executive Director

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a Director with a number of publicly listed companies in the resources sector.

During the three year period to the end of the financial year, Mr Middlemas has held directorships in Salinas Energy Limited (November 1995 - present), OmegaCorp Ltd (October 2000 - present), Fusion Resources Limited (May 2002 – present), GulfX Limited (May 2007 – present), Indo Mines Limited (December 2006 – present), Mantra Resources Limited (September 2005 – present), Mavuzi Resources Limited (January 2007 – present), Odyssey Energy Limited (September 2005 – present), Pacific Energy Limited (June 2006 – present), QED Occtech Limited (July 2001 – present), Sierra Mining Limited (January 2006 – present), Sovereign Metals Limited (July 2006 – present), Xenolith Gold Limited (March 2007 - present), Leyshon Resources Ltd (November 2001 - April 2006), Marion Energy Limited (August 2004 - December 2004), Agincourt Resources Ltd (October 2001 - December 2004), Berkeley Resources Ltd (July 2003 – November 2006) and Olea Australis Ltd (October 1999 - November 2004).

Mr Middlemas was appointed a director of the Company on 2 April 2007.

Shane Cranswick B.Com, CA, ACIS, F Fin
Company Secretary

Mr Cranswick gained a Bachelor of Commerce degree from the University of Western Australia and is a member of the Institute of Chartered Accountants, the Institute of Chartered Secretaries and the Financial Services Institute of Australasia. He commenced his career with an international Chartered Accounting firm and has since worked in the role of Company Secretary for a number of listed companies that operate in the resources sector.

Mr Cranswick was appointed Company Secretary of the Company on 2 April 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of oil and gas exploration and there has been no change in the nature of those activities.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2007 (2006: nil).

EARNINGS PER SHARE

	2007 Cents	2006 Cents
Basic earnings/(loss) per share	(5.69)	(0.56)
Diluted earnings/(loss) per share	(5.69)	(0.56)

CORPORATE STRUCTURE

Global Petroleum Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report including the entities it incorporated and controlled during the financial year.

CONSOLIDATED RESULTS

	2007 $	2006 $
Profit/(loss) of the Consolidated Entity before income tax expense	(9,883,089)	(957,307)
Income tax expense	-	-
Net profit/(loss)	(9,883,089)	(957,307)

REVIEW OF OPERATIONS AND ACTIVITIES

Kenya (Global 20%)

The Company began drilling its first well during the financial year. The well, Pomboo No. 1 in Licence L-5, Kenya, spudded on 2 December 2006. The Company's weekly report dated 28 December 2006 reported that the depth reached was 2,944 metres (751 metres below the seabed).

The costs associated with Global's 20% in respect of this well are fully carried so no costs were incurred by the Company. The other joint venture parties are:

Woodside Energy 30% (and operator)
Dana Petroleum 30%
Repsol Exploracion 20%

On 23 January 2007, Woodside as operator of the Company's Kenya Joint Venture announced that Pomboo No.1 had reached a total depth of 4,887 metres and would be plugged and abandoned. The well encountered "in excess of 200 metres of moderate to good quality reservoir sandstones" in the primary target zone from 4,685m to the total depth but without oil or gas.

It had been expected that the drilling rig would move to Licence L-7 immediately following Pomboo to drill Sokwe South No. 1. However at a meeting of the Joint Venture on 24 January 2007 it was decided not to drill Sokwe South No.1 in this drilling campaign. The voting equity of Woodside and Repsol as farminees was sufficient to make this decision binding on the Joint Venture. The Company's announcement dated 25 January 2007 advised shareholders of this outcome.

REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)

Kenya (Global 20%) (continued)

While there are numerous prospects and leads in our Kenya Licences L-5 and L-7, and Pomboo has established the presence of reservoirs and seals, the well lacked oil and gas shows. The JV decided that the next phase of exploration should be determined after a comprehensive technical assessment of the relevance and implications of the new information obtained from Pomboo. Woodside is currently finalising the Post Pomboo-1 study review of blocks 5 & 7 offshore Kenya. This was a joint study comprised of staff from both Woodside and the Kenyan Government and its scope includes the integration of the results of the Pomboo-1 well drilled during the financial year with all the previous data within these 2 blocks and will provide an updated review of their remaining potential. Following finalisation of the study, the forward programme in these two blocks will be determined.

The carrying value of the Company's Kenya exploration expenditure has been written-down during the financial year by $8,128,738 to reflect the unsuccessful drilling of the first well.

Falkland Oil and Gas Limited ("FOGL") (Global shareholding 14.0%)

FOGL has a holding of 65,000 km^2 of prospective offshore licences to the East and South of the Falkland Islands.

In its operations update announced on 7 June 2007, FOGL advised the completion of its 2D seismic infill survey in which a total of 9,950 kilometers of new seismic data had been acquired from Wavefield InSeis AS. Processing of this data had commenced although this would take several months to complete.

The second phase of the Controlled Source Electro-Magnetic ("CSEM") survey was commenced on 4 June 2007. The acquisition phase of this survey was expected to take 6-8 weeks to complete although results from the first phase of the survey had been encouraging. The processing of this data is ongoing.

The forward plan then for FOGL is to integrate the results of these two surveys with existing work in order to produce a short list of the best prospects for drilling which, subject to rig availability and discussions with potential farminees, is likely to commence in 2008.

Subsequent to year end, FOGL advised that it is currently in advanced discussions which may or may not lead to a major resources company farming in to certain of its assets.

At a FOGL share price of £1.60 (as at 25 September 2007), Global's shareholding is valued at A$47.8 million. The carrying value of Global's shareholding recorded in the financial statements at 30 June 2007 was A$24.3 million (based on the FOGL share price at 30 June 2007 of £0.80).

Malta Exploration Study Agreement Area 3 – Blocks 4 & 5 (Global 80%)

During the financial year, RWE Dea AG ("RWE"), as operator, obtained the services of seismic company Fugro who recorded 852km of new 2D seismic lines in November 2006. This work, together with reprocessing of other seismic surveys in the Study Area, and the acquisition of new magnetic and gravity data has satisfied the Malta Government's Study Agreement work commitment.

RWE, which has farmed into Global's interest in the Exploration Study Agreement covering Blocks 4 & 5, has the right to earn up to a total 70% interest if the parties enter into a PSC with the Malta Government and RWE commits to the drilling of a well following the completion of the seismic programme phase.

When this work is complete, the Joint Venture (RWE and Global) will make a decision as to whether to enter a Production Sharing Contract with the Malta Government which is likely to involve a well commitment. Global's 30% share (including 3% on behalf of a UK marketing agency that assisted Global in the farm-in process) of the costs of such a well would be fully carried by RWE.

RWE is currently in discussion with the Malta Government to confirm a revised time frame for the Exploration Study Agreement dependent upon the timing of obtaining a specialised vessel and carrying out a microbial/geochemical investigation on sea bottom samples during 2007.

At the Company's AGM on 17 November 2006 shareholders approved an extension of time to 30 June 2008 for the issue to the related party vendors of Astral Petroleum Limited their share of an additional four million fully paid ordinary shares in the Company if the Company achieves an unconditional commitment by RWE to drill a well in respect of the Malta Exploration Study Agreement.

Ireland Licence Option 03/3 (Global 100%)

The Company's campaign to introduce a new company to this project has not been successful. Discussions with the Petroleum Affairs Division of the Ireland Department of Communications, Marine and Natural Resources indicated that no further extensions to the option deadline of 31 December 2006 would be available and that the only route available to Global was to enter a licence with a well commitment. As a farminee was not found to share the risk and the cost of such well by the end of calendar year 2006, the Licence Option has now terminated. The carrying value of the Company's exploration expenditure in relation to Ireland of $769,339 was written-off during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as outlined in the Review of Operations and Activities above, the following significant changes in the state of affairs of the Consolidated Entity occurred during the year:

- Effective 2 April 2007, Dr John Armstrong resigned from the Board and Mr Ian Middlemas was appointed a Non-Executive Director of the Company. Mr Mark Savage was appointed Chairman of the Company.

SIGNIFICANT POST BALANCE DATE EVENTS

The Consolidated Entity's interest in Falkland Oil & Gas Limited is recorded at fair value, based on current market value at year end. The carrying value of Global's shareholding recorded in the financial statements at 30 June 2007 was A$24.3 million (based on the FOGL share price at 30 June 2007 of £0.80). At a FOGL share price of £1.60 (as at 25 September 2007), Global's shareholding is valued at A$47.8 million.

Other than as outlined above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2007 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2007 of the Consolidated Entity;
(b) the results of those operations, in financials years subsequent to 30 June 2007 of the Consolidated Entity; or
(c) the state of affairs, in financial years subsequent to 30 June 2007 of the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Consolidated Entity during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Board's current intention that the Consolidated Entity will focus on maximising the value of its oil and gas exploration assets in Kenya and Malta, by conducting further exploration activities on these projects and continuing to examine new opportunities in mineral exploration, particularly in the oil and gas sector.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Company and accordingly, has not been disclosed.

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF GLOBAL

The following table sets out each Director's relevant interest in shares and options in shares of the Company as at the date of this report:

	INTEREST IN SECURITIES AT THE DATE OF THIS REPORT	
	Ordinary shares [1]	**Options [2]**
Mr M Savage	-	-
Mr P Blakey	27,424,318	-
Mr P Dighton	-	200,000
Mr P Taylor	27,424,318	-
Mr I Middlemas	1,430,000	-

(1) Ordinary shares means fully paid ordinary shares in the capital of the Company.
(2) Options to subscribe for one ordinary share exercisable at 25 cents on or before 31 December 2008.

SHARE OPTIONS

Expiry date	Exercise price	Number of Options
30 June 2008	$0.25	10,000,000
31 December 2008	$0.25	200,000
		10,200,000

Since 30 June 2007, no shares have been issued as a result of the exercise of options.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2007, and the number of meetings attended by each Director.

	Board Meetings Number eligible to attend	Board Meetings Number attended
Mr Mark Savage	5	3
Dr John Armstrong (resigned 2 April 2007)	4	4
Mr Peter Blakey	5	5
Mr Peter Dighton	5	5
Mr Peter Taylor	5	5
Mr Ian Middlemas (appointed 2 April 2007)	1	-

REMUNERATION REPORT

1. Principles of compensation - audited

Remuneration is referred to as compensation throughout this report.

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including directors. Until their resignations during the financial year, Dr Armstrong, executive chairman, and the company secretary, Mr Olling, were the only remunerated S300A executives for the Company and the Consolidated Entity. The responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity rests with the Board as a whole.

Compensation levels for Dr Armstrong and Mr Olling were competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The board of directors, in the absence of a remuneration committee, obtains independent advice on the appropriateness of compensation packages of the Company and consolidated group, given trends in comparative companies both locally and internationally.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and to effect the broader outcome of achieving the Company's operational objectives. Compensation packages may include a mix of fixed compensation and equity-based compensation.

In addition to the compensation received, the Consolidated Entity also provides non-cash benefits and contributes to defined contribution superannuation funds for the two above named personnel.

1.1 Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed by the board in the absence of a remuneration committee through a process that considers individual, segment and overall performance of the Consolidated Entity and upon the advice of external consultants when considered necessary.

REMUNERATION REPORT (CONTINUED)

1.2 Performance-linked remuneration

To date, based on the present size and early stage of development of the Company, the practice has been adopted of not paying bonuses.

A total of 20,000,000 incentive share options have been granted to the former executive chairman Dr Armstrong and 250,000 to director Mr Dighton. Dr Armstrong was granted 10,000,000 options on 22 November 2002, exercisable at $0.25 at any time before the expiry date of 30 June 2007. Dr Armstrong exercised 2,000,000 of these options on 9 May 2006 and a further 2,000,000 on 8 November 2006. At the date of his resignation he held 6,000,000 options which expired on 30 June 2007. On 2 June 2004 he was issued a further 10,000,000 options exercisable at $0.25 upon the Company entering into a certain production sharing agreement in Iraq. These options were granted on 25 November 2004 but do not vest until the Company enters into the production sharing agreement in Iraq which as at the date of this report had not occurred. The expiry date of these options is 30 June 2008.

The 250,000 options granted to Mr Dighton were issued on 23 December 2003 and are exercisable at $0.25 at any time prior to the expiry date of 31 December 2008. These options vested on the date of grant. Mr Dighton exercised 50,000 of these options on 8 November 2006. The options granted to Dr Armstrong and to Mr Dighton are not subject to any performance hurdles because directors did not consider it appropriate to set such hurdles at the time the options were issued.

The Company is still in its early stage of development and has not yet declared a net profit nor dividend for the benefit of shareholders. The incentive options granted to Dr Armstrong and Mr Dighton were granted to provide the appropriate incentive to position the Company beyond this development stage to a stage where the Company's portfolio of projects would provide an income stream from its oil and gas assets. The board, in the absence of a remuneration committee, believes that such incentives are reasonable in the circumstances.

1.3 Short-term incentive

The Company does not have any short-term incentive programs.

1.4 Long-term incentive

The 10 million options issued to Dr Armstrong on 2 June 2004 and conditional upon the Company entering into a certain production sharing agreement in Iraq, and the 250,000 options granted to Mr Dighton are considered to be long-term incentives at 30 June 2007.

1.5 Consequences of performance on shareholders' wealth

In the Company's present early stage of development and strategy it has not yet generated any earnings nor paid a dividend to shareholders. The Company has not granted any incentive options to directors during the reporting period or the prior period.

1.6 Service agreements

The Company had entered into a service agreement with the former executive chairman, Dr Armstrong, which provided for the payment of benefits if the agreement was terminated by the Company within a certain period from the date of the agreement. In such case the Company was to pay to Dr Armstrong a sum equal to six months' worth of his remuneration at the rate then pertaining at the time of his termination. Refer Note 22 to the consolidated financial statements. As Dr Armstrong's resignation was a mutual arrangement between the Company and Dr Armstrong, no termination benefit was paid by the Company.

The Company had also entered into contractor agreements with Mr D Olling (former company secretary) and Mr J Bruce (resources consultant) neither of which provide for the payment of benefits if the agreements are terminated by the Company.

1.6.1 Non-executive directors

Total compensation for non-executive directors last voted by shareholders at the 2004 AGM is not to exceed $200,000. Messrs Savage, Blakey, Taylor and Dighton each receive directors' fees of $45,000 pa which total $180,000 pa. Mr Blakey and Mr Taylor and their related parties hold shares in the Company either as a result of being vendor shares which are outlined in the Company's prospectus dated 31 May 2002 and the supplementary prospectus, from the acquisition of Astral Petroleum Limited, or from a rights issue made by the Company in September 2004. Mr Dighton sold all his shares in the Company in June 2006 but holds options over the ordinary shares of the Company which are described in the Remuneration report. Mr Savage holds no shares or options in the Company. Mr Middlemas held shares prior to joining the Board and still holds these shares as at the date of this report. Mr Middlemas receives consulting fees of $36,000 pa.

The board has no retirement scheme in place. Directors who retire from the board of directors are not entitled to any retirement payment.

1.6.2 Executive director

Dr Armstrong did not receive a director's fee but was paid in accordance with a service agreement up until his date of resignation. He also held shares and options in the Company, the details of which are described elsewhere in the Remuneration report.

1.7 Directors' and executive officers' remuneration

The Company does not have a separate remuneration committee. Directors believe that the present size of the Company does not warrant the establishment of such a committee. The Company also does not have a redundancy scheme and any executive who is made redundant is entitled a termination payment in accordance with employment contracts and legal requirements.

Refer to Note 22 to the consolidated financial statements for details on the financial impact in future periods resulting from firm commitments arising from non-cancellable contracts for services with key management personnel.

2.1 Equity instruments – audited

All options refer to options over ordinary shares of Global Petroleum Limited which are exercisable on a one-for-one basis.

2.2 Options and rights over equity instruments granted as compensation – audited

There were no options over ordinary shares in the Company that were granted as compensation to any key management personnel during the reporting period or the prior period and no options vested during these periods.

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

2.3 Modification of terms of equity-settled share-based payment transactions – audited

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

REMUNERATION REPORT (CONTINUED)

2.4 Exercise of options granted as compensation – audited

During the reporting period, the following shares were issued on the exercise of options previously granted as compensation.

	Number of shares	Amount paid per share
2007		
Dr J Armstrong	2,000,000	$0.25
Mr P Dighton	50,000	$0.25
2006		
Dr J Armstrong	2,000,000	$0.25

There were no amounts unpaid on the shares issued as a result of the exercise of the options.

2.5 Analysis of options and rights over equity instruments granted as compensation – unaudited

The vesting profile of the options granted as remuneration to each director of the Company is detailed below. No options have been granted to Mr Olling, the named Company executive and relevant group executive.

	OPTIONS GRANTED					VALUE YET TO VEST	
Directors	Number	Date	% Vested in year	% Forfeited in year	Financial years in which grant vests	Min	Max
Dr J Armstrong	10,000,000	22 Nov 2002	-	60	1 July 2002	-	-
Dr J Armstrong	10,000,000	25 Nov 2004	-	-	(1)	-	(2)
Mr P Dighton	250,000	25 Nov 2004	-	-	1 July 2004	-	-

(1) Vesting date not known as it is subject to the Company entering into certain production sharing agreements in Iraq, including satisfaction of conditions precedent.

(2) These options vest only upon non-market performance conditions being met and the value is not recognised until it is probable that such conditions may be met.

Options granted to Dr Armstrong on 22 November 2002 have an expiration date of 30 June 2007. Options granted to Mr Dighton on 25 November 2004 have an expiration date of 31 December 2008. In both cases the exercise price is $0.25 per share. No minimum or maximum value can be estimated for future financial years.

Dr Armstrong may only exercise his options granted on 25 November 2004 subject to the Company entering into certain production sharing agreements, including satisfaction of conditions precedent. The expiry date of these options is 30 June 2008. Mr Dighton may exercise his options at any time prior to the exercise date. The issue of the options required approval by the Company’s shareholders. The options issued to both Dr Armstrong and Mr Dighton during 2004 received shareholder approval at the Annual General Meeting in November 2004, and were therefore granted in the 2005 financial year. The options were issued at no cost to the recipients.

2.6 Analysis of movement in options – unaudited

The movement during the reporting period by value of options over ordinary shares in the Company held by each Company director is detailed below. Mr Olling, the named Company executive and relevant group executive until his resignation, has not been granted options over the ordinary shares in the Company.

	VALUE OF OPTIONS			
	Granted in year $[1]	**Exercised in year $[2]**	**Forfeited in year $[3]**	**Total option value in year $**
2007				
Dr J Armstrong	-	1,170,000	-	1,170,000
Mr P Dighton	-	29,250	-	29,250
2006				
Dr J Armstrong	-	980,000	-	980,000

(1) There were no options granted during the year.
(2) The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Stock Exchange as at the close of trading on the date the options were exercised after deducting the price paid to exercise the options.
(3) There were no options forfeited during the year.

REMUNERATION REPORT (CONTINUED)

3. Director and Executive Remuneration – audited

Details of the nature and amount of each element of the remuneration of each Director of the Company for the financial year are as follows:

		SHORT-TERM [1]			POST-EMPLOY-MENT	SHARED-BASED PAYMENTS	
		Salary & fees	Non monetary benefits	Total	Super-annuation benefits	Options and rights [2]	Total
		$	$	$	$	$	$
Directors							
Non-Executive							
Mr P Blakey	2007	45,000	-	45,000	-	-	45,000
	2006	45,000	-	45,000	-	-	45,000
Mr P Dighton	2007	45,000	-	45,000	4,050	-	49,050
	2006	45,000	-	45,000	4,050	-	49,050
Mr M Savage	2007	45,000	-	45,000	-	-	45,000
	2006	45,000	-	45,000	-	-	45,000
Mr P Taylor	2007	45,000	-	45,000	-	-	45,000
	2006	45,000	-	45,000	-	-	45,000
Mr I Middlemas	2007	9,000	-	9,000	-	-	9,000
Executive							
Dr J Armstrong [3]	2007	170,000	38,417	208,417	75,750	-	284,167
(executive chairman)	2006	250,000	38,186	288,186	77,000	-	365,186
Total all directors	**2007**	**359,000**	**38,417**	**397,417**	**79,800**	**-**	**477,217**
	2006	**430,000**	**38,186**	**468,186**	**81,050**	**-**	**549,236**
Executives							
Mr D Olling [3]	2007	70,871	3,163	74,034	-	-	74,034
(company secretary)	2006	90,249	3,000	93,249	-	-	93,249
Total compensation: key management personnel (consolidated & Company)	**2007**	**429,871**	**41,580**	**471,451**	**79,800**	**-**	**551,251**
	2006	**520,249**	**41,186**	**561,435**	**81,050**	**-**	**642,485**

Notes in relation to the table of directors' and executive officers' remuneration

(1) There was no short term cash bonus paid during the year.
(2) No options were granted during the year.
(3) Other than Dr Armstrong and Mr Olling (until their resignations), there were no executives of the company or consolidated entity.

INSURANCE OF OFFICERS AND AUDITORS

Indemnification

To the extent permitted by law the Company 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 the Company 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, the Company 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.

Insurance premiums

Since the end of the previous financial year insurance premiums totalling $23,215 were paid by the Company to insure directors and officers of the Company.

NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and the board is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the board to ensure they do not impact the integrity and objectivity of the auditor; and

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 16 to the consolidated financial statements.

The auditor’s independence declaration is on Page 15.

This report is made in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors

Mark Savage

MARK SAVAGE
Chairman

Dated this 27th day of September 2007

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Global Petroleum Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

B P STEEDMAN
Partner

Perth
27 September 2007

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

		CONSOLIDATED		COMPANY	
	NOTE	2007 $	2006 $	2007 $	2006 $
Other Income	2(a)	64,482	1,157,144	64,066	-
Administration costs	2(b)	(1,285,363)	(1,307,883)	(1,238,373)	(1,225,262)
Exploration and evaluation expenditure written off	8	(9,001,772)	(1,166,216)	(231,734)	(323,241)
Impairment provision for inter-company loans		-	-	(381,835)	-
Impairment write-down of investment in controlled entities	6	-	-	(8,215,592)	(842,975)
Results from operating activities		**(10,222,653)**	**(1,316,955)**	**(10,003,468)**	**(2,391,478)**
Net financial income	2(c)	339,564	359,648	401,717	338,304
Loss before income tax		**(9,883,089)**	**(957,307)**	**(9,601,751)**	**(2,053,174)**
Income tax expense	3	-	-	-	-
Loss after tax		**(9,883,089)**	**(957,307)**	**(9,601,751)**	**(2,053,174)**
Loss attributable to members of the parent		**(9,883,089)**	**(957,307)**	**(9,601,751)**	**(2,053,174)**
Basic loss per share from continuing operations (cents per share)	19	(5.69)	(0.56)		
Diluted loss per share from continuing operations (cents per share)	19	(5.69)	(0.56)		

The accompanying notes form part of the Income Statements.

BALANCE SHEETS
AS AT 30 JUNE 2007

	NOTE	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	COMPANY 2007 $	COMPANY 2006 $
Current assets					
Cash and cash equivalents	20(b)	6,324,089	6,991,006	6,318,687	6,981,564
Trade and other receivables	4	8,228	258,166	8,228	57,859
Other financial assets	5	600	600	600	600
Total current assets		6,332,917	7,249,772	6,327,515	7,040,023
Non-current assets					
Receivables	4	-	-	950,606	1,484,817
Investments	6	24,275,749	35,173,534	9,567,288	17,782,879
Property, plant and equipment	7	-	42,034	-	40,271
Exploration and evaluation expenditure	8	9,247,206	17,775,089	388,095	113,687
Total non-current assets		33,522,955	52,990,657	10,905,989	19,421,654
TOTAL ASSETS		39,855,872	60,240,429	17,233,504	26,461,677
Current liabilities					
Trade and other payables	9	250,680	380,940	135,872	283,266
Employee benefits	10	-	12,397	-	12,397
Total current liabilities		250,680	393,337	135,872	295,663
Non-current liabilities					
Payables	9	-	-	61,260	61,260
Total non-current liabilities		-	-	61,260	61,260
TOTAL LIABILITIES		250,680	393,337	197,132	356,923
NET ASSETS		39,605,192	59,847,092	17,036,372	26,104,754
Equity					
Issued capital	11	35,590,053	35,056,684	35,590,053	35,056,684
Reserves	12	22,566,537	33,458,717	-	-
Accumulated losses		(18,551,398)	(8,668,309)	(18,553,681)	(8,951,930)
TOTAL EQUITY		39,605,192	59,847,092	17,036,372	26,104,754

The accompanying notes form part of the Balance Sheets.

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	NOTE	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	COMPANY 2007 $	COMPANY 2006 $
Cash flows from operating activities					
Cash paid to suppliers and employees		(1,212,795)	(1,163,137)	(1,333,488)	(1,114,875)
Interest received		401,717	384,973	401,717	384,603
Management fees received		50,000	192,226	50,000	-
Net cash from operating activities	20(a)	(761,078)	(585,938)	(881,771)	(730,272)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(18,459)	(4,836)	(18,459)	(4,836)
Exploration expenditure		(473,889)	(1,025,725)	(506,141)	(315,870)
Proceeds from disposal of property, plant and equipment		53,140	-	52,250	-
Proceeds from disposal of investments		-	1,827,416	-	-
Repayment of loans from controlled entities		-	-	180,022	2,037,962
Advances to controlled entities		-	-	(22,147)	(761,279)
Net cash from investing activities		(439,208)	796,855	(314,475)	955,977
Cash flows from financing activities					
Proceeds from the issue of share capital		537,500	625,000	537,500	625,000
Share issue expenses		(4,131)	(4,451)	(4,131)	(4,451)
Net cash from financing activities		533,369	620,549	533,369	620,549
Net increase/(decrease) in cash and cash equivalents		(666,917)	831,466	(662,877)	846,254
Cash and cash equivalents at 1 July		6,991,006	6,159,540	6,981,564	6,135,310
Cash and cash equivalents at 30 June	20(b)	6,324,089	6,991,006	6,318,687	6,981,564

The accompanying notes form part of the Cash Flow Statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Consolidated	Share capital $	Fair value reserve $	Foreign Currency translation reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2006	35,056,684	33,411,563	47,154	(8,668,309)	59,847,092
Foreign exchange translation differences	-	-	5,605	-	5,605
Change in fair value – available-for-sale investments	-	(10,897,785)	-	-	(10,897,785)
Total non-profit items recognised directly in equity	-	(10,897,785)	5,605	-	(10,892,180)
Loss for the period	-	-	-	(9,883,089)	(9,883,089)
Total recognised income and expense for the period	-	(10,897,785)	5,605	(9,883,089)	(20,775,269)
Exercise of options	537,500	-	-	-	537,500
Share issue expenses	(4,131)	-	-	-	(4,131)
Balance at 30 June 2007	35,590,053	22,513,778	52,759	(18,551,398)	39,605,192
Consolidated					
Balance at 1 July 2005	34,436,135	-	48,455	(7,711,002)	26,773,588
Effect of change in accounting policy	-	39,188,153	-	-	39,188,153
Balance at 1 July 2005 – restated	34,436,135	39,188,153	48,455	(7,711,002)	65,961,741
Change in fair value – available-for-sale investments	-	(423,652)	-	-	(423,652)
Fair value – available-for-sale investments transferred to profit/loss on disposal	-	(5,352,938)	-	-	(5,352,938)
Foreign exchange translation differences	-	-	(1,301)	-	(1,301)
Total non-profit items recognised directly in equity	-	(5,776,590)	(1,301)	-	(5,777,891)
Loss for the period	-	-	-	(957,307)	(957,307)
Total recognised income and expense for the period	-	(5,776,590)	(1,301)	(957,307)	(6,735,198)
Exercise of options	625,000	-	-	-	625,000
Share issue expenses	(4,451)	-	-	-	(4,451)
Balance at 30 June 2006	35,056,684	33,411,563	47,154	(8,668,309)	59,847,092

Amounts are stated net of tax.

The accompanying notes form part of the Statements of Changes in Equity.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Company	Share capital $	Accumulated losses $	Total equity $
Balance at 1 July 2006	35,056,684	(8,951,930)	26,104,754
Loss for the period	-	(9,601,751)	(9,601,751)
Total recognised income and expense for the period	-	(9,601,751)	(9,601,751)
Exercise of options	537,500	-	537,500
Share issue expenses	(4,131)	-	(4,131)
Balance at 30 June 2007	35,590,053	(18,553,681)	17,036,372

Company	Share capital $	Accumulated losses $	Total equity $
Balance at 1 July 2005	34,436,135	(6,898,756)	27,537,379
Loss for the period	-	(2,053,174)	(2,053,174)
Total recognised income and expense for the period	-	(2,053,174)	(2,053,174)
Exercise of options	625,000	-	625,000
Share issue expenses	(4,451)	-	(4,451)
Balance at 30 June 2006	35,056,684	(8,951,930)	26,104,754

Amounts are stated net of tax.

The accompanying notes form part of the Statements of Changes in Equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Global Petroleum Limited and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2007 are stated to assist in a general understanding of the financial report.

Global Petroleum Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The financial report of the Company for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 26 September 2007.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") and interpretations adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

In the application of A-IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statementt of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2007 and are outlined in the table below:

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 7	*Financial Instruments: Disclosures*	New standard replacing disclosure requirements of AASB 132	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 *Financial Instruments: Disclosures*	1 January 2007	As above.	1 July 2007
AASB 8	*Operating Segments*	Replaces the presentation requirements of segment reporting in AASB 114 *Segment Reporting*	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements.	1 July 2009

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 2007-3	Amendments to Australian Accounting Standards [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023, & AASB 1038]	Amendments arise from the release of AASB 8 *Operating Segments*	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements.	1 July 2009
AASB I-10	Interim Financial Reporting and Impairment	Clarifies that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.	1 November 2006	As the Group has not recognised an impairment loss on any such assets at an interim period and subsequently reversed the impairment loss in the annual report, this amendment is not expected to have any impact on the Group's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standard AASB 2	Amendments arise from the release of AASB Interpretation 11.	1 March 2007	As equity instruments of one group entity have not been transferred to make payments on behalf of another group entity, this interpretation is not expected to have any impact on the Group's financial report.	1 July 2007
AASB 2007-2	Amendments to Australian Accounting Standards [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139.]	Amendments arise from the release of AASB Interpretation 11.	1 January 2008	As above.	1 July 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE FOR GROUP
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in the Australian equivalents to IFRS and the additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Group does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4 this standard will have no impact on the amounts included in the Group's financial statements. Changes to disclosure requirements will have no direct impact on the amounts included in the Group's financial statements. However the new standard may have an impact on the disclosures included in the Group's financial report.	1 July 2007

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Global Petroleum Limited ("Company" or "Parent Entity") as at 30 June 2007 and the results of all subsidiaries for the year then ended. Global Petroleum Limited and its subsidiaries together are referred to as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and potential effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances, and unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company's financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Joint venture operations

The interests of the Group in unincorporated joint ventures are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(d) Exploration and evaluation expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Group is accumulated for each area of interest and recorded as an asset if:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (1) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and/or
  - (2) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition.

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(e) Other Income

Other income is measured at the fair value of the consideration received or receivable.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income Tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

The Company is the head entity in a tax-consolidated group comprising the Company and all of its Australian wholly owned subsidiaries. The implementation date of the tax consolidation system for the tax-consolidated group was 1 July 2003.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses are assumed by the head entity from the subsidiaries in the tax-consolidated group. The assumption of current tax liabilities (or assets) and deferred tax assets arising from unused tax losses has been undertaken in the context that the head entity in conjunction with other members of the tax-consolidated group has not, as yet, entered into any tax funding agreement. Therefore, to the extent any amount is recognised in the Company's financial statements, they are recognised by the Company as an equity contribution to or distribution from the subsidiary. Distributions firstly reduce the carrying amount of the investment in the subsidiary and are then recognised as revenue.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses assumed from subsidiaries are recognised by the head entity only.

(g) Impairment of Assets

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount and is recognised in profit or loss.

(h) Cash and Cash Equivalents

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(i) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(j) Investments and Other Financial Assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in other financial assets in the balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments and Other Financial Assets (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

(l) Property, Plant and Equipment

Plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

	Life
Plant and equipment	2 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(m) Payables

Liabilities for trade creditors and other amounts are carried at amortised cost. The amounts are unsecured and are usually paid within 30 days.

(n) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Employee benefits payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits.

(o) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(s) Share-Based Payments

Share-based payments are provided to Directors, employees, consultants and other advisors.

For share options granted after 7 November 2002, the fair value of options granted (determined using the Black-Scholes option pricing model) is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which option holders become unconditionally entitled to the options.

Where share based payments vest only if non-market performance criteria are met, the value of the share based payments are recognised only when it is likely that such criteria may be met.

(t) Foreign currencies

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(u) Comparative figures

The presentation of the Income Statement has been changed to disclose operating expenses classified by function in order to make the Income Statement more relevant to users of the financial report. The comparative information has also been reclassified by function.

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $

2. PROFIT/(LOSS) FROM OPERATIONS

(a) Other Income

	2007 $	2006 $	2007 $	2006 $
Gain on disposal of available-for-sale investments	-	1,093,589	-	-
Gain on disposal of plant and equipment	14,482	-	14,066	-
Rendering of services	50,000	63,555	50,000	-
	64,482	1,157,144	64,066	-

(b) Profit/(loss) before tax

Profit/(loss) before income tax has been arrived at after charging the following expenses attributable to continuing operations:

	2007 $	2006 $	2007 $	2006 $
Salaries and employee benefits expense	543,518	466,797	543,518	446,222
Consulting and professional fees	190,853	483,079	154,708	504,098
Shareholder costs	300,796	143,311	299,796	88,615
Occupancy costs	47,622	32,107	47,622	22,571
Depreciation expense	13,665	20,603	12,376	12,697
Administrative and other expenses	188,909	161,986	180,353	151,059
	1,285,363	1,307,883	1,238,373	1,225,262

(c) Financial income/(expenses)

	2007 $	2006 $	2007 $	2006 $
Interest income	401,717	339,178	401,717	338,808
Net foreign exchange gain/(loss)	(62,153)	20,470	-	(504)
	339,564	359,648	401,717	338,304

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $

3. INCOME TAX

No income tax is payable by the Company as it has incurred losses for income tax purposes for the year.

(a) Recognised in the income statement

Current tax expense/(benefit)				
Current year	(371,882)	(458,459)	(339,264)	(452,316)
Deferred tax expense				
Tax losses not brought to account	371,882	458,459	339,264	452,316
Total income tax expense in the income statement	-	-	-	-

(b) Reconciliation between loss before tax and tax expense

Loss before tax expense	(9,883,089)	(957,307)	(9,601,751)	(2,053,174)
Prima facie tax benefit at 30% (2006: 30%)	(2,964,927)	(287,192)	(2,880,525)	(615,952)
Increase/(decrease) in income tax expense due to:				
Exploration and evaluation expenditure written off	2,700,531	349,865	69,520	96,972
Write-down of investment	-	-	2,464,677	252,893
Provision for inter-company loans	-	-	114,550	-
Net loss/(gain) on disposal of investments	-	(328,077)	-	-
Other items	(107,486)	(193,055)	(107,486)	(186,229)
Tax losses not brought to account	371,882	458,459	339,264	452,316
Income tax expense on pre-tax net loss	-	-	-	-

(c) Unrecognised deferred tax assets

The deferred tax assets not brought to account at 30% relating to income tax losses and temporary differences, the benefits of which will only be realised if the conditions for deductibility as set out in Note 1(f) occur, are as follows:

Temporary differences:

Capitalised overheads	(619,196)	(560,563)	(619,196)	(560,563)
Share issue costs	71,007	117,792	71,007	117,792
Accrued expenses	14,100	9,428	14,100	9,728
Provisions	-	3,719	-	3,719
Other	-	2,721	-	2,721
	(534,089)	(426,903)	(534,089)	(426,603)
Tax losses	534,089	426,903	534,089	426,603
	-	-	-	-

	NOTE	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	COMPANY 2007 $	COMPANY 2006 $
4. TRADE AND OTHER RECEIVABLES					
Current					
Other debtors		8,228	258,166	8,228	57,859
Non-Current					
Amounts receivable from controlled entities – unsecured		-	-	1,332,441	1,506,566
Less impairment provision		-	-	(381,835)	(21,749)
	14	-	-	950,606	1,484,817
5. OTHER FINANCIAL ASSETS					
Deposits		600	600	600	600
6. INVESTMENTS					
Listed equity securities available-for-sale					
– at fair value		24,275,749	35,173,534	-	-
Investments in controlled entities					
– at cost		-	-	2,016,802	2,016,802
– at recoverable amount		-	-	7,550,486	15,766,077
		24,275,749	35,173,534	9,567,288	17,782,879

Investments in listed equity securities available-for-sale have been recognised at fair value (current market value) and represent an investment in Falkland Oil and Gas Limited ("FOGL").

The Company recognised an impairment loss amounting to $8,215,592 in respect of investments in controlled entities at recoverable amount during the current financial year (2006: $842,975) owing to the impairment or disposal of exploration and evaluation assets.

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $

7. PROPERTY, PLANT AND EQUIPMENT

	2007 $	2006 $	2007 $	2006 $
(a) Cost				
Balance as at 1 July	242,635	237,799	235,791	230,955
Additions	18,459	4,836	18,459	4,836
Disposals	(261,094)	-	(254,250)	-
Balance as at 30 June	-	242,635	-	235,791
(b) Depreciation				
Balance as at 1 July	200,601	163,902	195,520	161,361
Depreciation charge for the year	21,836	36,699	20,547	34,159
Disposals	(222,437)	-	(216,067)	-
Balance as at 30 June	-	200,601	-	195,520
(c) Carrying amounts				
Balance as at 1 July	42,034	73,897	40,271	69,594
Balance as at 30 June	-	42,034	-	40,271

8. EXPLORATION AND EVALUATION EXPENDITURE

	2007 $	2006 $	2007 $	2006 $
Cost				
Carrying amount at beginning of year	17,775,089	18,068,045	113,687	113,687
Expenditure incurred	529,858	873,260	506,142	323,241
Exchange differences	(55,969)	-	-	-
Expenditure written off	(9,001,772)	(1,166,216)	(231,734)	(323,241)
Carrying amount at end of year	9,247,206	17,775,089	388,095	113,687

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

	NOTE	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	COMPANY 2007 $	COMPANY 2006 $

9. TRADE AND OTHER PAYABLES

	NOTE	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	COMPANY 2007 $	COMPANY 2006 $
Current					
Trade payables		88,872	172,585	88,872	172,585
Other payables and accrued expenses		161,808	208,355	47,000	110,681
		250,680	380,940	135,872	283,266
Non-Current					
Amounts payable to controlled entity – unsecured	14	-	-	61,260	61,260

Terms & Conditions

The loans between related parties were undertaken on commercial terms and conditions, except that:
(i) There was no fixed repayment of loans between the related parties; and
(ii) No interest was payable on the loans.

10. EMPLOYEE BENEFITS

Liability for employee benefits	-	12,397	-	12,397

11. ISSUED CAPITAL

(a) Issued and paid up capital:				
174,444,787 (2006: 172,294,787) fully paid ordinary shares	35,590,053	35,056,684	35,590,053	35,056,684

(b) Movements in ordinary share capital during the past two years were as follows:-

Date	Details	Number of ordinary shares	Issue price $	$
1 July 2005	Opening balance	169,794,787		34,436,135
19 September 2005	Allotment upon exercise of options	500,000	0.25	125,000
9 May 2006	Allotment upon exercise of options	2,000,000	0.25	500,000
	Share issue expenses			(4,451)
30 June 2006	Closing balance – fully paid	172,294,787		35,056,684
	Allotment upon exercise of options	2,150,000	0.25	537,500
	Share issue expenses			(4,131)
30 June 2007	Closing balance – fully paid	174,444,787		35,590,053

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(c) Terms and conditions of Ordinary Shares

General

The ordinary shares (“Shares”) are ordinary shares and rank equally in all respects with all ordinary shares in the Company.

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

Reports and Notices

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

Voting

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the Chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

11. ISSUED CAPITAL (CONTINUED)

(c) Terms and conditions of Ordinary Shares (continued)

Variation of Shares and Rights Attaching to Shares

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

Unmarketable Parcels

The Company may procure the disposal of Shares where the member holds less than a marketable parcel of Shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than $500). To invoke this procedure, the Directors must first give notice to the relevant member holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $
12. RESERVES				
Balances				
Option premium reserve	-	-	-	-
Investments available-for-sale reserve				
Shares – listed	22,513,778	33,411,563	-	-
Foreign currency translation reserve	52,759	47,154	-	-
Total Reserves	22,566,537	33,458,717	-	-

Nature and purpose of reserves

Option Premium Reserve

The option premium reserve is used to record the fair value of share-based payments made by the Company.

Investments available-for-sale reserve

The investments available-for-sale reserve is used to record fair value changes on available-for-sale investments.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Dividends

No dividends have been declared, provided for or paid in respect of the years ended 30 June 2007 or 2006. With 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.

13. SHARE BASED PAYMENTS

Share options have previously been issued over ordinary shares of the Company to employees, including directors, and other parties. The options were issued as an incentive and approved by shareholders in general meeting. The number of options granted were determined at the discretion of the board having due regard to the relevant skills and expertise of each individual. Directors' options are individually approved by shareholders in general meeting. The options currently on issue are unlisted and were issued for nil consideration. Options granted carry no dividend or voting rights and when exercised each option is converted into one ordinary share.

All options (except for 10 million options granted to Dr J Armstrong expiring 30 June 2008) were granted after 7 November 2002 and vested before 1 January 2005. The recognition and measurement principles in AASB 2 have not been applied to these grants in accordance with the transitional provisions in AASB 1. No new options were granted in this financial period. Amounts receivable on the exercise of options are recognised as share capital. All options are settled by physical delivery of shares.

13. SHARE BASED PAYMENTS (CONTINUED)

Information with respect to the number of options outstanding as at balance date is as follows:

CONSOLIDATED AND COMPANY – FOR THE YEAR ENDED 30 JUNE 2007

Grant date	Expiry date	Exercise price	Balance at 1 July Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at 30 June Number	Exercisable at 30 June Number
22 Nov 2002	30 Jun 2007	$0.25	8,100,000	-	[1](2,100,000)	(6,000,000)	-	-
25 Nov 2004	30 Jun 2008	$0.25	10,000,000	-	-	-	10,000,000	[4]-
25 Nov 2004	31 Dec 2008	$0.25	250,000	-	[1](50,000)	-	200,000	200,000
			18,350,000	-	(2,150,000)	(6,000,000)	10,200,000	200,000
Weighted average exercise price			$0.25		$0.25	$0.25	$0.25	$0.25

CONSOLIDATED AND COMPANY – FOR THE YEAR ENDED 30 JUNE 2006

Grant date	Expiry date	Exercise price	Balance at 1 July Number	Granted during the year Number	Exercised during the year Number	Balance at 30 June Number	Exercisable at 30 June Number
30 Oct 2003	31 Dec 2005	$0.25	500,000	-	[2](500,000)	-	-
22 Nov 2002	30 Jun 2007	$0.25	10,100,000	-	[3](2,000,000)	8,100,000	8,100,000
25 Nov 2004	30 Jun 2008	$0.25	10,000,000	-	-	10,000,000	[4]-
25 Nov 2004	31 Dec 2008	$0.25	250,000	-	-	250,000	250,000
			20,850,000	-	(2,500,000)	18,350,000	8,350,000
Weighted average exercise price			$0.25		$0.25	$0.25	$0.25

(1) Weighted average share price at date of exercise of options was $0.835
(2) Weighted average share price at date of exercise of options was $0.49.
(3) Weighted average share price at date of exercise of options was $0.74.
(4) Vesting conditions: Dr J Armstrong may only exercise his 10 million options expiring 30 June 2008 subject to the Company entering into certain production sharing agreements in Iraq, including satisfaction of conditions precedent.

The weighted average remaining contractual life of share options outstanding at the end of the year is 1 year (2006 – 1.6 years).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the binominal option-pricing model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binominal option-pricing model.

No share options were granted during the year ended 30 June 2007 (2006 – nil).

Share options are granted under non-market performance conditions. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

Terms and conditions of Options

The Options are granted based upon the following terms and conditions:

- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
- The Options have an exercise price of $0.25 and expiry dates of 30 June 2008 or 31 December 2008.
- The Options are exercisable at any time prior to the Expiry Date.
- Shares issued on exercise of the Options rank equally with the then shares of the Company.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- No application for quotation of the Options will be made by the Company.

14. RELATED PARTIES

(a) Key Management Personnel Disclosure

The following were key management personnel of the Consolidated Entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Mr Mark Savage (Chairman from 2 April 2007)
Mr Peter Blakey
Mr Peter Dighton
Mr Peter Taylor
Mr Ian Middlemas was appointed as a director on 2 April 2007.

Dr John Armstrong was Executive Chairman until his resignation on 2 April 2007.

Executives

Mr D Olling held office as company secretary until his resignation on 2 April 2007.

Loans to key management personnel and their related parties

There were no loans made to key management personnel or their related parties during the reporting period.

14. RELATED PARTIES (CONTINUED)

Director and Executive Remuneration

Details of the nature and amount of each element of the remuneration of each Director of the Company for the financial year are as follows:

		SHORT-TERM [1]			POST-EMPLOY-MENT	SHARED-BASED PAYMENTS	
		Salary & fees	Non monetary benefits	Total	Super-annuation benefits	Options and rights [2]	Total
		$	$	$	$	$	$
Directors							
Non-Executive							
Mr P Blakey	2007	45,000	-	45,000	-	-	45,000
	2006	45,000	-	45,000	-	-	45,000
Mr P Dighton	2007	45,000	-	45,000	4,050	-	49,050
	2006	45,000	-	45,000	4,050	-	49,050
Mr M Savage	2007	45,000	-	45,000	-	-	45,000
	2006	45,000	-	45,000	-	-	45,000
Mr P Taylor	2007	45,000	-	45,000	-	-	45,000
	2006	45,000	-	45,000	-	-	45,000
Mr I Middlemas	2007	9,000	-	9,000	-	-	9,000
Executive							
Dr J Armstrong [3]	2007	170,000	38,417	208,417	75,750	-	284,167
(executive chairman)	2006	250,000	38,186	288,186	77,000	-	365,186
Total all directors	**2007**	**359,000**	**38,417**	**397,417**	**79,800**	**-**	**477,217**
	2006	**430,000**	**38,186**	**468,186**	**81,050**	**-**	**549,236**
Executives							
Mr D Olling [3]	2007	70,871	3,163	74,034	-	-	74,034
(company secretary)	2006	90,249	3,000	93,249	-	-	93,249
Total compensation: key management personnel (consolidated & Company)	**2007**	**429,871**	**41,580**	**471,451**	**79,800**	**-**	**551,251**
	2006	**520,249**	**41,186**	**561,435**	**81,050**	**-**	**642,485**

Notes in relation to the table of directors' and executive officers' remuneration

(1) There was no short term cash bonus paid during the year.
(2) No options were granted during the year.
(3) Other than Dr Armstrong and Mr Olling (until their resignations), there were no executives of the company or consolidated entity.

Other key management personnel transactions

A number of directors, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company or its controlled entities in the reporting period. The terms and conditions of these transactions were no more favourable than those available, or which might be available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Mr P Dighton is the principal of Law Strategies Pty Ltd and during the reporting period the Consolidated Entity engaged this firm to provide advice relating to the operations of the Consolidated Entity in the normal course of business and on an agreed basis for other specific projects. During the year $48,475 (2006: $90,789) was paid by the Consolidated Entity and its related parties to Law Strategies Pty Ltd.

During the year the Company paid $20,360 (2006: $17,724) to TM Services Limited, a company controlled by Mr P Taylor and Mr P Blakey, for office usage and administrative assistance.

Liabilities arising from the above transactions at 30 June 2007 were $8,812 (2006: $17,797).

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Global Petroleum Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2006	Granted as compen-sation	Exercised	Expired	Held at 30 June 2007	Vested and exercisable at 30 June 2007
Directors						
Dr J Armstrong	18,000,000	-	(2,000,000)	(6,000,000)	10,000,000 [1]	- [1]
Mr P Dighton	250,000	-	(50,000)	-	200,000	200,000

	Held at 1 July 2005	Granted as compen-sation	Exercised	Expired	Held at 30 June 2006	Vested and exercisable at 30 June 2006
Directors						
Dr J Armstrong	20,000,000	-	(2,000,000)	-	18,000,000	8,000,000
Mr P Dighton	250,000	-	-	-	250,000	250,000

Note

[1] The balance shown as the closing balance for Dr J Armstrong is his balance as at his date of resignation – 2 April 2007.

14. RELATED PARTIES (CONTINUED)

Options and rights over equity instruments (continued)

10 million options issued to Dr J Armstrong on 2 June 2004 have an expiration date of 30 June 2008. 250,000 options issued to Mr Dighton on 23 December 2003 have an expiration date of 31 December 2008. In both cases the exercise price is $0.25 per share.

Dr J Armstrong may only exercise his 10 million options issued on 2 June 2004 subject to the Company entering into certain production sharing agreements, including satisfaction of conditions precedent. Mr P Dighton may exercise his options at any time prior to the exercise date. The issue of the options required approval by the Company's shareholders. The options issued to both Dr J Armstrong and Mr P Dighton during the 2004 financial year received shareholder approval at the annual general meeting in November 2004, and were therefore granted in the 2005 financial year. The options were issued at no cost to the recipients.

No options held by key management personnel are vested but not exercisable at 30 June 2007 or 2006.

No options were held by key management personnel related parties.

No options have been granted since the end of the year.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Global Petroleum Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Year ended 30 June 2007	Opening balance	Acquisitions	Received on exercise of options	Disposals	Closing balance
Directors					
Mr M Savage	-	-	-	-	-
Mr P Blakey	28,924,318	-	-	(1,500,000)	27,424,318
Mr P Taylor	28,924,318	-	-	(1,500,000)	27,424,318
Mr P Dighton	-	-	50,000	(50,000)	-
Mr I Middlemas (1)	1,430,000	-	-	-	1,430,000
Former Directors					
Dr J Armstrong (2)	266,667	-	2,000,000	(1,236,667)	1,030,000
Former Executives					
Mr D Olling (2)	50,000	-	-	(25,000)	25,000

Notes

(1) The balance shown as the opening balance for Mr Middlemas is his balance at his date of appointment as a director – 2 April 2007.

(2) The balance shown as the closing balance for the former directors and executives is their balance as at their date of resignation – 2 April 2007.

Year ended 30 June 2006	Opening balance	Acquisitions	Received on exercise of options	Disposals	Closing balance
Directors					
Dr J Armstrong	266,667	-	2,000,000	(2,000,000)	266,667
Mr P Blakey	29,124,318	-	-	(200,000)	28,924,318
Mr P Taylor	29,124,318	-	-	(200,000)	28,924,318
Mr P Dighton	26,667	-	-	(26,667)	-
Mr M Savage	-	-	-	-	-
Executives					
Mr D Olling	50,000	-	-	-	50,000

No shares were granted to key management personnel during the reporting period as compensation in 2007 or 2006.

The aggregate number of shares held by key management personnel related parties at 30 June 2007 included in the table above is 8,828,905 (2006: 7,398,905).

Changes in key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue

There were no changes in key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue.

(b) Non-Key Management Personnel Disclosure

Identity of related parties

The Consolidated Entity has a related party relationship with its subsidiaries (see Note 15), joint ventures (see Note 17) and with its key management personnel (see disclosures for key management personnel on preceding pages).

SUBSIDIARIES	NOTE	CONSOLIDATED		COMPANY	
		2007 $	2006 $	2007 $	2006 $
Cash advances to controlled entities		-	-	-	761,279
Provision for inter-company loans		-	-	381,835	21,749
Loan repayments received from controlled entities		-	-	179,632	2,037,962
Recharge amounts		-	-	6,000	(8,162)
Aggregate amounts receivable from, and payable to, controlled entities at balance date were as follows:					
Amounts receivable from controlled entities	4	-	-	950,606	1,484,817
Amounts payable to controlled entity	9	-	-	61,260	61,260

Amounts receivable from and payable to controlled entities are non-interest bearing and are repayable on demand.

An amount of $381,835 was provided for during the year (2006: $21,749).

15. CONSOLIDATED ENTITIES

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2007 %	2006 %
Parent entity			
Global Petroleum Limited	Australia		
Subsidiaries			
Star Petroleum Plc	United Kingdom	100	100
Star Petroleum International (Kenya) Limited *	British Virgin Islands	100	100
Dampier Oil Limited	Australia	100	100
Falkland Islands Mineral Development Limited *	Falkland Islands	-	100
Global Mine Management Pty Limited *	Australia	100	100
Astral Petroleum Limited *	United Kingdom	100	100
Astral Petroleum (Malta) Limited *	British Virgin Islands	100	100
Astral Petroleum Resources (Ireland) Limited *	British Virgin Islands	100	100

* 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.

In the financial statements of the Company, investments in controlled entities are measured at cost less any provision for impairment. Refer to Note 6. The Company has no associates or jointly controlled entities.

16. REMUNERATION OF AUDITORS

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $
Audit services:				
Auditors of the Company, KPMG Australia				
– audit and review of financial reports	47,710	48,194	47,710	44,194
Other auditors				
– audit and review of financial reports	8,739	9,754	-	-
	56,449	57,948	47,710	44,194
Other services:				
Auditors of the Company, KPMG Australia				
– taxation services	22,200	15,300	20,200	13,300
– Independent Expert's Report (Astral Petroleum Ltd)	-	22,000	-	22,000
– other services *	2,350	-	2,350	-
Other auditors	5,280	4,278	-	-
	29,830	41,578	22,550	35,300
	86,279	99,526	70,260	79,494

* Other services include providing accounting and financial reporting advice.

KPMG are the auditors of the Consolidated Entity and the Company for the year ended 30 June 2007. In addition, other auditors performed audit services for certain controlled entities.

17. INTERESTS IN JOINT VENTURE OPERATIONS

The Company and Consolidated Entity hold the following interests in various joint ventures, whose principal activities are in petroleum exploration.

Included in the assets and liabilities of the Consolidated Entity and the Company are the following assets and liabilities:

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $
Current assets				
Cash and cash equivalents	5,093	7,094	-	-
Trade and other receivables	-	200,286	-	-
Total current assets	5,093	207,380	-	-
Non-current assets				
Exploration and evaluation expenditure	811,677	949,021	-	-
Total non-current assets	811,677	949,021	-	-
TOTAL ASSETS	816,770	1,156,401	-	-
Current liabilities				
Trade and other payables	114,808	91,674	-	-
Total current liabilities	114,808	91,674	-	-
TOTAL LIABILITIES	114,808	91,674	-	-
NET ASSETS	701,962	1,064,727	-	-

	JOINT VENTURE % INTEREST HELD			
	CONSOLIDATED		COMPANY	
	2007 %	2006 %	2007 %	2006 %
Kenya	20	20	-	-
Malta	80	80	-	-
Iraq (TM Services / Global)	50	50	50	50

During 2006 the Consolidated Entity formed a joint venture with RWE Dea AG which earns a 20% interest in the Consolidated Entity's Malta exploration study agreement. RWE Dea and the Consolidated Entity have the option, to be exercised during the term of the exploration study agreement, to enter into a production sharing contract (PSC). The minimum work commitment during the first two year exploration period under this PSC is the drilling of one well. By carrying the Consolidated Entity's share of the cost of that well on a dry hole basis, RWE Dea will earn an additional 50% in the venture with the Consolidated Entity retaining 30% (including a 3% interest on behalf a UK marketing agency that assisted the Consolidated Entity in the farm-in process).

See Notes 22 and 23 for details of commitments and contingencies in relation to joint venture operations.

18. SEGMENT INFORMATION

Segment information is presented in respect of the Consolidated Entity's geographical segments. The primary format, geographical segments, is based on the Consolidated Entity's management and internal reporting structure.

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.

Geographical segments

The Consolidated Entity's geographical segments are as follows:

2007	Australia $	Europe $	Africa $	Falkland Islands $	Iraq $	Other $	Elimi-nations $	Consoli-dated $
Segment income								
External income	404,046	-	-	-	-	-	-	404,046
Total revenue								404,046
Result								
Segment result	(1,011,879)	(757,620)	(8,112,731)	(359)	-	-	(500)	(9,883,089)
Income tax expense								-
Loss for the period								(9,883,089)
Depreciation	21,836	-	-	-	-	-	-	21,836
Exploration and evaluation expenditure written off	-	769,339	8,128,738	-	19,629	84,066	-	9,001,772
Assets								
Segment assets	7,660,267	1,096,515	8,155,784	24,275,749	-	-	(1,332,443)	39,855,872
Liabilities								
Segment liabilities	141,872	925,780	189,272	326,199	-	-	(1,332,443)	250,680
Acquisitions of non-current assets, including capitalised exploration and evaluation expenditure	18,459	222,883	203,266	-	19,629	84,080	-	548,317

18. SEGMENT INFORMATION (CONTINUED)

2006	Australia $	Europe $	Africa $	Falkland Islands $	Iraq $	Other $	Elimi-nations $	Consoli-dated $
Segment income								
External income	1,453,237	-	-	63,555	-	-	-	1,516,792
Total revenue								1,516,792
Result								
Segment result	(632,626)	(300,777)	(1,068,502)	1,099,458	(54,860)	-	-	(957,307)
Income tax expense								-
Loss for the period								(957,307)
Depreciation	36,699	-	-	-	-	-	-	36,699
Other non-cash expenses/(credit)	5,302	-	-	-	-	-	-	5,302
Exploration and evaluation expenditure written off	23,018	19,836	1,068,502	-	54,860	-	-	1,166,216
Assets								
Segment assets	8,568,387	1,890,388	16,092,081	35,174,391	-	-	(1,484,818)	60,240,429
Liabilities								
Segment liabilities	301,663	1,037,248	217,655	321,589	-	-	(1,484,818)	393,337
Acquisitions of non-current assets, including capitalised exploration and evaluation expenditure	27,840	465,422	329,974	-	54,860	-	-	878,096

Business segments

The Consolidated Entity operates within one business segment, being the petroleum and mineral exploration industry. Accordingly, the Consolidated Entity's total revenue and loss for the period relate to that business segment.

19. EARNINGS PER SHARE

	Consolidated 2007 Cents per Share	Consolidated 2006 Cents per Share
Basic profit/(loss) per share:	(5.69)	(0.56)
Diluted profit/(loss) per share:	(5.69)	(0.56)

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Consolidated 2007 $	Consolidated 2006 $
Net profit/(loss) used in calculating basic and diluted earnings per share	(9,883,089)	(957,307)
	Number of Shares 2007	**Number of Shares 2006**
Weighted average number of ordinary shares used in calculating basic earnings per share	173,679,034	170,468,760
Effect of dilutive securities	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	173,679,034	170,468,760

Non-dilutive securities

As at balance date, 10,200,000 Unlisted Options (which represent 10,200,000 potential ordinary shares) were not dilutive as they would decrease the loss per share.

Conversions, calls, subscriptions or issues after 30 June 2007

Since 30 June 2007, no shares have been issued and no incentive options have been granted. No shares have been issued as a result of the exercise of options since 30 June 2007.

20. NOTES TO THE CASH FLOW STATEMENT

	NOTE	CONSOLIDATED		COMPANY	
		2007 $	2006 $	2007 $	2006 $
(a) Reconciliation of loss for the year to cash flows used in operating activities					
Loss for the year		(9,883,089)	(957,307)	(9,601,751)	(2,053,174)
Adjustments for items classified as investing/ financing activities:					
(Gain)/loss on disposal of non-current assets		(14,482)	-	(14,066)	-
(Gain)/loss on disposal of investments		-	(1,093,589)	-	-
Exploration and evaluation expenditure written off		9,001,772	1,166,216	231,734	323,241
Adjustments for non-cash items:					
Write-down of investment in controlled entity		-	-	8,215,592	842,975
Write-off of amounts receivable from controlled entities		-	-	381,835	21,749
Intercompany transactions		-	-	(5,502)	-
Depreciation	7	21,836	20,603	20,547	12,697
Unrealised net foreign exchange (gain)/loss		5,605	(20,470)	-	504
Changes in operating assets and liabilities, net of effects of purchase of controlled entities during the financial year:					
Decrease/(increase) in receivables		215,239	142,904	27,509	19,841
Decrease/(increase) in prepayments		34,699	72,710	22,122	19,837
(Decrease)/increase in payables		(130,261)	77,693	(147,394)	76,756
(Decrease)/increase in employee benefits		(12,397)	5,302	(12,397)	5,302
Net cash used in operating activities		(761,078)	(585,938)	(881,771)	(730,272)
(b) Reconciliation of Cash Assets					
Cash at bank and on hand		421,053	592,911	415,651	583,469
Bank short term deposits		5,903,036	6,398,095	5,903,036	6,398,095
		6,324,089	6,991,006	6,318,687	6,981,564

(c) Credit Standby Arrangements with Banks

At balance date, the Company had no used or unused financing facilities.

(d) Non-cash Financing and Investing Activities

There were no significant non-cash financing or investing activities in the current or prior year.

21. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash, short-term deposits, security deposits, and investments in securities.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk.

Historically, the Group has not implemented strategies to mitigate these financial risks. The Directors will review this policy periodically going forward.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(a) Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables, security deposits, investments in securities, and payables are non-interest bearing.

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

The following table sets out the Group's exposure to interest rate risk:

Consolidated	Weighted Average Effective Interest Rate	Floating Interest Rate $	Non-Interest Bearing $	Total $
30 June 2007				
Cash and cash equivalents	6.2%	6,324,089	-	6,324,089
30 June 2006				
Cash and cash equivalents	5.6%	6,991,006	-	6,991,006

Company	Weighted Average Effective Interest Rate	Floating Interest Rate $	Non-Interest Bearing $	Total $
30 June 2007				
Cash and cash equivalents	6.2%	6,318,687	-	6,318,687
30 June 2006				
Cash and cash equivalents	5.6%	6,981,564	-	6,981,564

(b) Credit risk

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if required.

(d) Foreign currency risk

The Group is exposed to foreign currency risk on revenues, purchases, investments and other monetary assets and liabilities that are denominated in a currency other than the Australian dollar (AUD). The currencies giving rise to this risk are primarily British Pounds (GBP) and US Dollars (USD).

The Group does not presently enter into hedging arrangements to hedge its foreign currency risk. All foreign currency transactions are entered into at spot rates. The board considers this policy appropriate, taking into account the Consolidated Entity's size, current stage of development, financial position and the board's approach to risk management.

(e) Fair Values

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

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

Market values have been used to determine the fair value of listed available-for-sale investments.

22. CAPITAL AND OTHER COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Consolidated Entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various foreign governments where exploration tenements are held. These obligations are subject to renegotiation when application for a tenement is made and at other times. These obligations are not provided for in the financial report and are payable:

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $
Within one year	-	45,000	-	-

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.

Joint venture commitments

Capital commitments of the Consolidated Entity to joint venture operations:

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $
Within one year	300,000	300,000	-	-
One year or later and no later than five years	-	300,000	-	-
	300,000	600,000	-	-

Non-cancellable operating lease expense commitments

Non-cancellable operating lease rentals are payable as follows:

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $
Less than one year	-	1,160	-	1,160
Between one and five years	-	-	-	-
	-	1,160	-	1,160

Employee compensation commitments – Key management personnel

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

	CONSOLIDATED		COMPANY	
	2007 $	2006 $	2007 $	2006 $
Within one year	-	150,000	-	150,000

23. CONTINGENCIES

Acquisition of Astral Petroleum Limited – contingent consideration

In accordance with the terms of the acquisition agreement (as amended), consideration payable upon the acquisition of Astral Petroleum Limited in December 2004 includes amounts contingent on certain conditions relating to the farmout of the interest acquired by the Consolidated Entity in the Malta exploration study agreement. In June 2006, the Consolidated Entity entered a farmout agreement with RWE Dea AG. If RWE Dea AG, during the term of the exploration study agreement, commits to drill one well and enters into a production sharing contract, the Company will be required to issue 4 million fully-paid ordinary shares in the capital of the Company as additional consideration to the Astral vendors (Tranche 3 shares).

At the Company's AGM on 17 November 2006 shareholders approved an extension of time to 30 June 2008 for the issue to the related party vendors of Astral Petroleum Limited their share of an additional four million fully paid ordinary shares in the Company if the Company achieves an unconditional commitment by RWE to drill a well in respect of the Malta Exploration Study Agreement.

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 outstanding at 30 June 2007 and 2006.

Joint ventures

In accordance with normal industry practice the Consolidated Entity has entered into joint ventures with other parties for the purpose of exploring for and developing petroleum interests. If a party to a joint venture defaults and does not contribute its share of joint venture obligations, then the other joint venture participants may be liable to meet those obligations. In this event the interest in the permit held by the defaulting party may be redistributed to the remaining joint venturers.

24. SUBSEQUENT EVENTS

The Consolidated Entity's interest in Falkland Oil & Gas Limited is recorded at fair value, based on current market value at year end. The carrying value of Global's shareholding recorded in the financial statements at 30 June 2007 was A$24.3 million (based on the FOGL share price at 30 June 2007 of £0.80). At a FOGL share price of £1.60 (as at 25 September 2007), Global's shareholding is valued at A$47.8 million.

Other than as outlined above, as at the date of this report there are no matters or circumstances which have arisen since 30 June 2007 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2007, of the Company;

(b) the results of those operations, in financials years subsequent to 30 June 2007, of the Company; or

(c) the state of affairs, in financial years subsequent to 30 June 2007, of the Company.

DIRECTORS' DECLARATION

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

(1) In the opinion of the Directors:

(a) the financial statements and notes of the Company and of the Consolidated Entity 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 2007 and of their performance for the year ended on that date; and

(ii) complying with accounting standards and the Corporations Act 2001; and

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

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2007.

On behalf of the Board.

MARK SAVAGE
Chairman

Dated this 27th day of September 2007

KPMG

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Global Petroleum Limited (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration report" in sections 1, 2.1, 2.2, 2.3, 2.4 and 3 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Global Petroleum Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b).

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in sections 1, 2.1, 2.2, 2.3, 2.4 and 3 of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

KPMG

KPMG

B P STEEDMAN
Partner

Perth
27 September 2007

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

During the 2007 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

RECOMMENDATION REF	NOTIFICATION OF DEPARTURE	EXPLANATION FOR DEPARTURE
2.1, 2.3	No majority of independent directors	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification of attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
9.2	There was no separate 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 a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company. If the Company's activities increase in size, scope and/or nature, the appointment of a remuneration committee will be reviewed by the Board and implemented if appropriate.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Global Petroleum Limited is responsible for its corporate governance, that is, the system by which the Company and its subsidiaries ("the Group") are managed.

1. BOARD OF DIRECTORS

1.1 Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Board is responsible for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

1.2 Composition of the Board and New Appointments

The Company currently has five Board members (see Directors' Report for further details). 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.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

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 for the Board to properly perform its responsibilities and functions.

1. BOARD OF DIRECTORS (CONTINUED)

1.2 Composition of the Board and New Appointments (Continued)

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 duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual 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, the Board may revoke any appointment.

1.3 Committees of the Board

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.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

1.4 Conflicts of Interest

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 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. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

2.1 Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

2.2 Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must notify management of that breach. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2. ETHICAL STANDARDS (CONTINUED)

2.3 Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

2.4 Interests of Other Stakeholders

The Company's business objective is to maximise the value of its oil and gas exploration assets in Kenya and Malta, by conducting further exploration activities on these projects and continuing to examine new opportunities in mineral exploration, particularly in the oil and gas sector.

Given the nature of the Company's activities, it is not possible for the Company to conduct its activities without having some impact on the environment. Wherever reasonably possible, the Company adopts practices that minimise the impact on the environment.

It should be noted that the Company's operations are subject to various environmental laws and regulations under relevant governments' legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all activities to achieve.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

3. DISCLOSURE OF INFORMATION

3.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all Directors to inform the Chairman or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

a) A reasonable person would not expect the information to be disclosed or it is material but due to a specific valid commercial reason is not to be disclosed; and

b) The information is confidential; or

c) One of the following applies:

   i. It would breach a law or regulation to disclose the information;
   ii. The information concerns an incomplete proposal or negotiation;
   iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
   iv. The information is generated for internal management purposes;
   v. The information is a trade secret;
   vi. It would breach a material term of an agreement, to which the company is a party, to disclose the information;
   vii. It would harm the company's potential application or possible patent application; or
   viii. The information is scientific data that release of which may benefit the company's potential competitors.

The Chairman is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

3.2 Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

4. RISK MANAGEMENT

4.1 Identification of Risk

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Chairman and Chief Financial Officer (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Group are highlighted to the Board by the Chairman each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Group.

4.2 Integrity of Financial Reporting

The Company's Chairman and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

4.3 Role of Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

5. PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

6. REMUNERATION ARRANGEMENTS

The Company's remuneration policy is set out in the Remuneration Report section of the Directors' Report, included in the Annual Financial Report.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 15 October 2007.

1. TWENTY LARGEST SHAREHOLDERS

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

		ORDINARY SHARES	
		Number	Percentage
1	Mr Peter Blakey	23,724,866	13.60%
2	Mr Peter Taylor	23,724,866	13.60%
3	Computershare Clearing Pty Ltd <CCNL DI A/C>	17,289,150	9.91%
4	Nefco Nominees Pty Ltd	13,365,581	7.66%
5	Edgewater Estates Limited	10,859,816	6.23%
6	Mrs Sandra Anne David	7,560,660	4.33%
7	HSBC Custody Nominees (Australia) Limited <A/C 3>	5,252,844	3.01%
8	ANZ Nominees Limited <Cash Income A/C>	4,844,433	2.78%
9	TM Services Limited	4,286,905	2.46%
10	IPM Personal Pension Trustees Limited	3,112,000	1.78%
11	Mr Tomas Patrick Cross & Ms Linda Cross	2,776,400	1.59%
12	National Nominees Limited	2,137,028	1.23%
13	Citicorp Nominees Pty Limited	1,979,260	1.13%
14	HSBC Custody Nominees (Australia) Limited	1,623,577	0.93%
15	WB Nominees Limited <N092175 A/C>	1,517,651	0.87%
16	Arredo Pty Ltd	1,430,000	0.82%
17	Spiro & Jimmy Pty ltd <Teakdale Super Fund A/C>	1,120,665	0.64%
18	Geotech Investments Pty Limited	700,000	0.40%
19	Mr Gerard Pieter Tom Van Brugge	600,000	0.34%
20	Mr Peter Fabian Hellings & Mrs Jacqueline Kim Gun Hellings	520,000	0.30%
		128,425,702	**73.61%**

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

			ORDINARY SHARES	
			Number of Shareholders	**Number of Shares**
1	-	1,000	905	423,600
1,001	-	5,000	834	2,232,947
5,001	-	10,000	341	2,813,366
10,001	-	100,000	707	24,000,060
100,001	-	and over	95	144,974,814
			2,882	**174,444,787**
The number of shareholders holding less than a marketable parcel of shares are:			**1,317**	**1,074,299**

3. VOTING RIGHTS

See Note 11(c) of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

As at 15 October 2007, Substantial Shareholder notices have been received from the following:

	Number of Shares
Peter Blakey	55,136,637
Peter Taylor	55,136,637

5. UNQUOTED SECURITIES

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

	Number of Options
Unlisted Options (Exercisable at $0.25 on or before 30 June 2008)	
John Dennis Armstrong	10,000,000
TOTAL	**10,000,000**
Unlisted Options (Exercisable at $0.25 on or before 31 December 2008)	
Mr Peter Francis Dighton	200,000
TOTAL	**200,000**

6. ON-MARKET BUY BACK

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

7. EXPLORATION/PROJECT INTERESTS

As at 15 October 2007, the Company has an interest in the following projects:

Project	Interest
Kenya	
Block L5	20%
Block L7	20%
Malta	
Exploration Study Agreement Area 3 - Block 4	80%
Exploration Study Agreement Area 3 - Block 5	80%