GLOBAL PETROLEUM LIMITED

ABN 68 064 120 896

ANNUAL FINANCIAL REPORT

30 JUNE 2011

CORPORATE DIRECTORY

Directors	Mr Mark Savage – Non-Executive Chairman Mr Peter Hill – Managing Director and Chief Executive Officer Mr Peter Blakey – Non-Executive Director Mr Peter Taylor – Non-Executive Director Mr Ian Middlemas – Non-Executive Director Mr Clint McGhie – Non-Executive Director
Company Secretary	Mr Clint McGhie
Registered and Principal Office	Level 9, BGC Centre 28 The Esplanade Perth WA 6000 Telephone +61 8 9322 6322 Facsimile +61 8 9322 6558
UK Office	5 Charterhouse Square London EC1M 6PX Telephone +44 20 7867 8600
Website	www.globalpetroleum.com.au
Email	global.info@globalpetroleum.com.au
Solicitors	Hardy Bowen Lawyers
Auditor	KPMG
Bankers	Australia and New Zealand Banking Group Limited
Stock Exchange Listing	Australian Securities Exchange Home Branch – Brisbane Level 6, 123 Eagle Street Brisbane QLD 4000 Alternative Investment Market (AIM) of the London Stock Exchange
ASX/AIM Code	GBP – Fully paid ordinary shares
Share Register	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace Perth WA 6000 Telephone +61 3 9415 4000 Facsimile +61 8 9323 2033 Computershare Investor Services Plc The Pavillions, Bridgewater Road Bristol BS99 7NH, UK Telephone +44 870 889 3105

CONTENTS

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 2011 ("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 Hill (appointed 1 September 2011)
Mr Peter Blakey
Mr Peter Taylor
Mr Ian Middlemas
Mr Clint McGhie

Unless otherwise disclosed, Directors held their office from 1 July 2010 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Mark Savage B.Bus
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), BPC Limited (September 2008 – October 2009) 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 Hill MA Law (Oxon)
Managing Director and Chief Executive Officer

Mr Hill has extensive experience in the energy sector as a senior executive with a significant track record worldwide in high-level M&A and business development roles, primarily in the oil industry. Most recently Mr Hill was the global head of Corporate M&A for Statoil ASA, where he was responsible for several large transactions, being a key member of the team responsible for Statoil's merger with Norsk Hydro Oil & Gas in December 2006, and leading the acquisition of EnCana's Gulf of Mexico deepwater assets in 2005. Prior to agreeing to join Global, Mr Hill was responsible for supervising execution of the IPO of Statoil's Energy & Retail division in the latter part of 2010.

Previously Mr Hill set up the international business of Waterous & Co as Managing Director in the UK, and before that worked for Enterprise Oil plc for many years, latterly as Head of International New Ventures. Mr Hill started in the energy industry with Total Oil Marine and is a UK qualified Solicitor, having commenced his career with Clifford Chance. He holds an MA in Law from Oxford University.

Mr Hill was appointed as Managing Director and Chief Executive Officer of the Company on 1 September 2011. Mr Hill has not held any other directorships of publicly listed companies in the last three years.

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Peter Blakey B.Sc CEng
Non-Executive Director

Mr Peter Taylor B.Sc 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 became Dana Petroleum Plc. This company was subsequently purchased by KNOC in October 2010 for £1.87b. 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.

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 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 Papillon Resources Limited (May 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Coalspur Mines Limited (March 2007 – present), Sovereign Metals Limited (July 2006 – present), Pacific Energy Limited (June 2006 – August 2010), Sierra Mining Limited (January 2006 – present), Mantra Resources Limited (September 2005 – June 2011), Odyssey Energy Limited (September 2005 – present), Aguia Resources Limited (September 2008 – August 2010), Indo Mines Limited (December 2006 – June 2010), Neon Energy Limited (November 1995 – June 2010), Transaction Solutions International Limited (July 2001 – February 2010), and Fusion Resources Limited (May 2002 – March 2009).

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

Mr Clint McGhie B.Com, CA, ACIS, F Fin
Non-Executive Director and Company Secretary

Mr McGhie 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 and Chief Financial Officer for a number of listed companies that operate in the resources and energy sectors.

Mr McGhie was appointed a director and company secretary of the Company on 1 June 2010. Mr McGhie has not held any other directorships of publicly listed companies in the last three years.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of oil and gas exploration, development and production 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 2011 (2010: nil).

EARNINGS PER SHARE

	2011 Cents	2010 Cents
Basic earnings/(loss) per share	(0.90)	0.63
Diluted earnings/(loss) per share	(0.90)	0.63

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.

REVIEW OF OPERATIONS AND ACTIVITIES

The Group's primary focus during the year was completing the acquisition of Jupiter Petroleum Limited which holds prospective oil and gas exploration interests in offshore Namibia and in offshore Juan de Nova, a French dependency in the Mozambique Channel.

The acquisition of these interests, which was completed on 26 August 2011, enables Global to participate in the prospective and active exploration province of offshore Namibia and position itself as an African focused oil and gas explorer. Global is proceeding with an active exploration program for the Namibian Project having already undertaken a review of historic seismic data and commencing a new 2D Seismic survey.

In addition, during the year Global also participated in the drilling of two Eagle Ford wells at the Leighton Project in Texas, USA. These are the first Eagle Ford wells in which Global has an interest following an agreement with Texon Petroleum Limited ("Texon") in August 2010 to simplify arrangements for Eagle Ford wells straddling areas of different ownership. The first Eagle Ford well commenced production in December 2010, whilst the second well was drilled in June 2011 and commenced production in August 2011.

Three Olmos wells were also drilled at the Leighton Project during the year, taking to eight the total number of producing wells from the Olmos reservoir at 30 June 2011, with a ninth commencing production in August 2011.

Following year-end, the Company has appointed Mr Peter Hill as Managing Director and Chief Executive Officer. Mr Hill is an experienced oil and gas and business development executive whose immediate focus is to expedite the exploration of the highly prospective project located in Namibia.

Acquisition of Jupiter

On 29 January 2011, the Company entered into a conditional share purchase agreement to acquire Jupiter Petroleum Limited ("Jupiter") which holds prospective oil and gas exploration interests in offshore Namibia and in offshore Juan de Nova, a French dependency in the Mozambique Channel.

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

The agreement provided for Global to acquire 100% of Jupiter, a UK registered company which was owned 50% by Mr Peter Taylor and 50% by Mr Peter Blakey who are both also Directors of Global. The commercial terms of the acquisition included the issue of 25 million Global shares at settlement and the reimbursement of reasonable historical expenditure on the Namibian and Juan de Nova interests. The agreement was conditional on the satisfaction of a number of conditions precedent, including due diligence investigations, a report from an independent expert that the transaction is fair and reasonable to Global Shareholders, and Shareholder approval at a general meeting.

The final conditions precedent were satisfied in August 2011, and settlement occurred on 26 August 2011.

The acquisition of these interests enables Global to participate in the prospective and active exploration province of offshore Namibia and position itself as an African focused oil and gas explorer.

Namibian Project

The Namibian Project consists of an 85% participating interest in Petroleum Exploration Licence No. 0029 ("Licence") covering Offshore Blocks 1910B and 2010A in the Republic of Namibia issued on 3 December 2010. The Licence covers 11,730 square kilometres and is located in offshore Namibia in water depths ranging from 1,200 metres to 3,000 metres.

A reconnaissance grid of more than 2,000 kilometres of 1990's 2D seismic data over both blocks was purchased in July 2011 and was subsequently interpreted. This interpretation confirmed the presence of the two leads (designated Structure A and Structure B), and revealed both their extent and configuration with much greater clarity. The interpretation of the 2D seismic has also confirmed the presence in Licence 0029 of several stratigraphic plays which could be of significant size.

Following completion of the acquisition of Jupiter, Global has now commenced a new 2D seismic survey of approximately 2,000 kms over its prospective oil and gas exploration blocks offshore Namibia. The new seismic survey will be shot using a longer cable than the old surveys and will be of higher resolution. As well as better delineating the two structural leads and clarifying the extent of the stratigraphic plays, the new survey will provide data in areas currently lacking seismic coverage.

Although only a few wells have been drilled in the area, they have established the presence of oil and gas-prone source rocks, good potential reservoirs and migrated hydrocarbons in the region, making this an attractive frontier play. It is believed that the regional basin or basins were formed in response to thermal subsidence following the rifting preceding the separation of Africa from South America.

The Jupiter blocks lie adjacent to acreage held by Arcadia Petroleum Limited (refer to Figure 1), whose partner Tower Resources has announced encouraging estimates (from a Competent Person's Report) for finding hydrocarbons in one or more of their prospects.

To the north east of the Jupiter blocks, a well drilled last year by Sintezneftgaz (Nakor Investments) reportedly found a substantial gas column whilst Chariot Oil and Gas has recently announced the identification of new structures and increases in its estimates of gross unrisked mean prospective resources in its licences in offshore Namibia. Chariot has shot 3D seismic and also has a Competent Person's Report.

The Jupiter blocks represent one of the last remaining opportunities to participate in this prospective and active exploration province in this part of offshore Namibia.

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

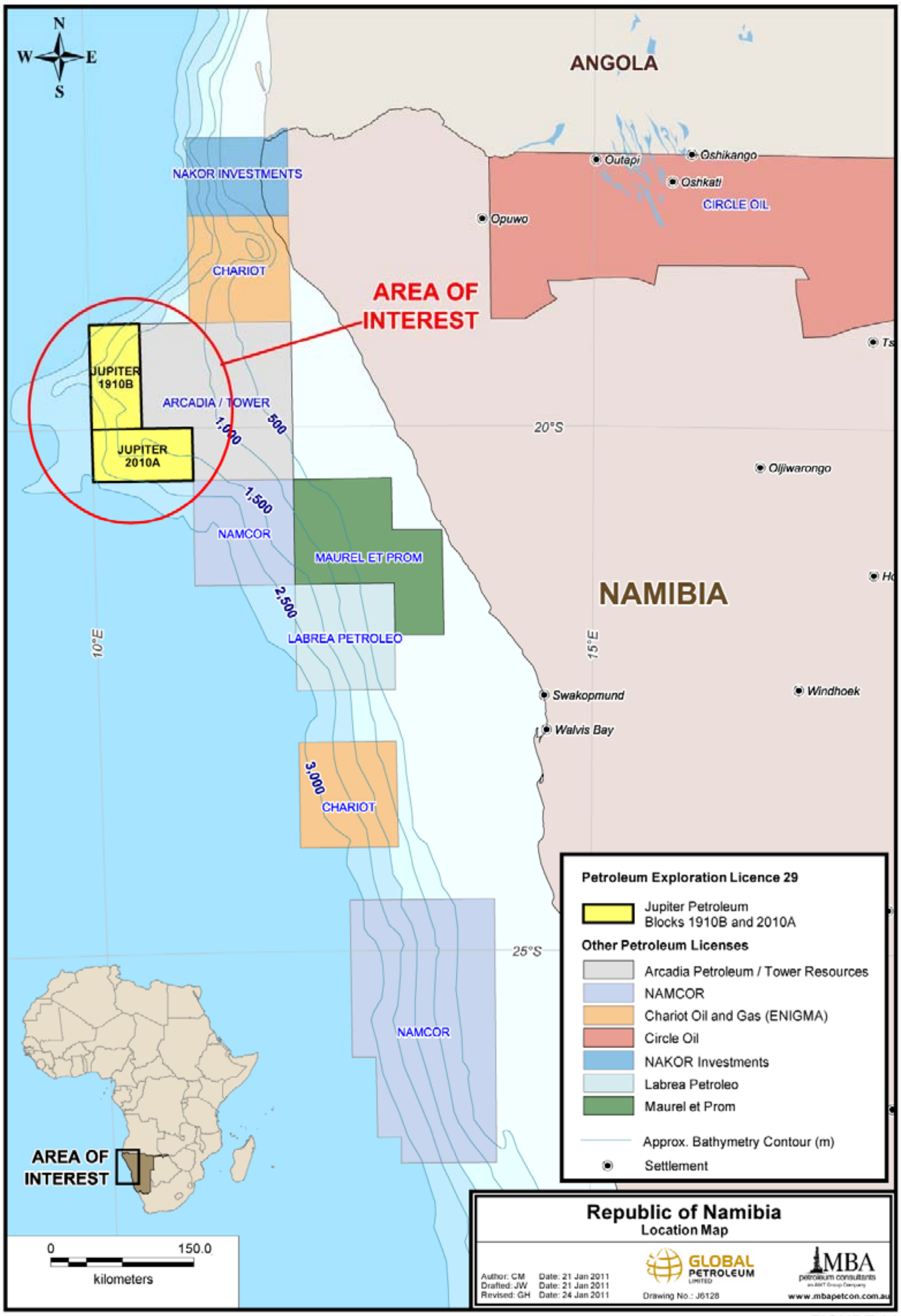

FIGURE 01

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

The Licence is held jointly by Jupiter Petroleum (Namibia) Limited ("Jupiter Namibia" – a subsidiary of Jupiter), the National Petroleum Corporation of Namibia (Pty) Ltd ("NAMCOR") and Bronze Investments Pty Ltd ("Bronze"). In addition to the Licence, Jupiter Namibia, NAMCOR and Bronze are parties to:

(i) a Petroleum Agreement dated 3 December 2010 between them and The Government of the Republic of Namibia ("Petroleum Agreement"); and
(ii) a Joint Operating Agreement dated 6 December 2010 between them, pursuant to which they have agreed to hold their interests as a participating interest of 85% for Jupiter Namibia, and carried interests (carried through exploration) of 10% for NAMCOR and 5% for Bronze ("JOA").

In accordance with the terms of the Petroleum Agreement and JOA, the following minimum work and expenditure programme must be undertaken and funded by Jupiter:

(a) **Initial Exploration Period** (First Four Years of Licence):

Undertake geological, geochemical, geophysical and related studies and review all existing gravity and magnetic data, and other available information, including the purchase of existing relevant and reasonable quality seismic data and acquire, process and interpret a minimum of 1,000 kilometres of 2D seismic data. Minimum exploration expenditure for the Initial Exploration Period is US$1 million.

(b) **First Renewal of Exploration Period** (Two Years):

The drilling of one exploration well. Minimum exploration expenditure for the First Renewal Exploration Period is US$20 million.

(c) **Second Renewal Period** (Two Years):

Acquisition, processing and interpretation of additional seismic data (if necessary) and the drilling of one exploration well.

Minimum exploration expenditure for the Second Renewal Exploration Period is US$20 million, or US$21 million if new seismic is required.

Juan de Nova Project

Jupiter Juan de Nova Limited (a subsidiary of Jupiter) has a 30% interest in the Juan de Nova Est Permit which was issued by the French Government in December 2008. The Permit covers approximately 9,010 square kilometres and is situated to the east of the small island of Juan de Nova in the Mozambique Channel, immediately to the west of Madagascar (refer to Figure 2 below).

The permit lies within the exclusive economic zone surrounding Juan de Nova which is under French control. The remainder of the exclusive economic zone, which is immediately to the west of Juan de Nova Est, is covered by a permit which Roc Oil (Madagascar) Pty Ltd has recently agreed to sell to South Atlantic Petroleum JDN SAS for between US$8 million and US$8.5 million subject to working capital adjustments.

Water depths range from 200 metres to approximately 1,500 metres, with at least half of the permit lying in shallow water on the continental shelf of the island of Madagascar. The shallow water shelf area is probably underlain by late Paleozic and early Mesozoic rocks, mainly sandstone and shales with interbedded volcanics, whilst the deeper water areas are probably underlain by younger rocks of late Mesozoic and Tertiary age, whose lithology is unknown.

No systematic petroleum exploration has taken place around Juan de Nova and this area is considered to be a frontier province.

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

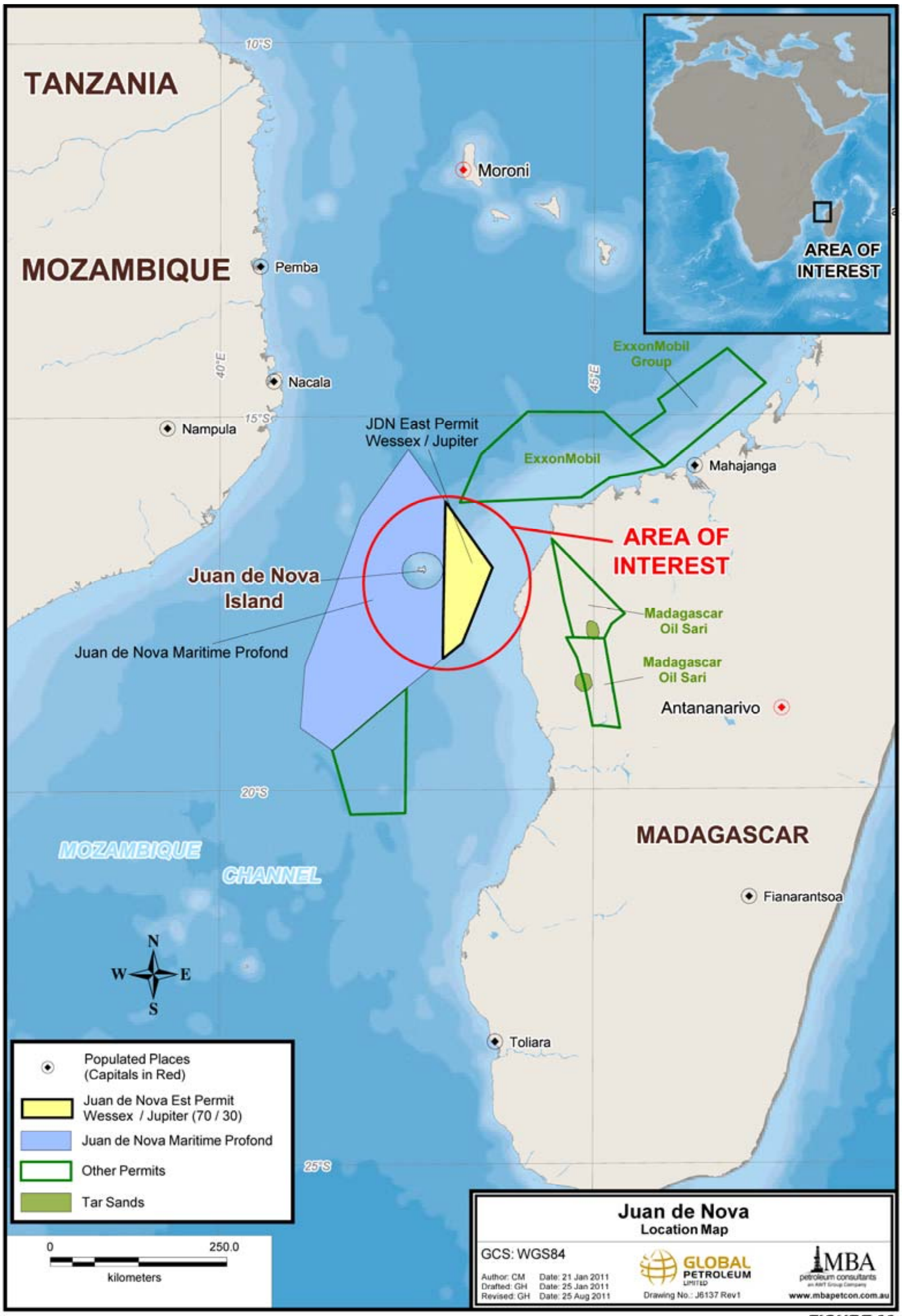

FIGURE 02

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

Wessex Exploration PLC is the operator and 70% interest holder in the Juan de Nova Est Permit. The current term of the exploration permit runs to 31 December 2013 with three phases of exploration and a production period of 25 years for any discovery made. The work obligations for the current term of the exploration permit include geologic studies, seismic acquisition and reprocessing and a commitment to drill one well with a contingency for a second well. The total financial commitment for this period is €8.38 million.

Wessex has engaged an agent to assist in finding a partner who is willing to earn into the Juan de Nova Est Permit by funding exploration activities. Jupiter's interest in the Juan de Nova Est Permit would be part of any farmout arrangement.

Preliminary work undertaken on the permit to date has included an assessment of the available data and an extensive review of literature on the North Morondava Basin in which the permit lies.

Leighton Project

During the year ended 30 June 2011, two Eagle Ford and three Olmos wells were drilled at the Leighton oil prospect in which the Company has an interest.

Eagle Ford Shale

In August 2010, Global reached agreement with Texon Petroleum Ltd ("Texon") to simplify the ownership arrangements for Eagle Ford wells that would straddle areas of differing ownership, by cross assigning lease holdings across the expanded contract area. Under the amended Participation Agreement the contract area of the Leighton prospect has been expanded to 1,651 acres for all depths beneath the Olmos Formation. Global now owns an undivided 7.939% Working Interest (5.95% Net Revenue Interest) across the expanded area including the Eagle Ford Shale (131.05 nett acres).

The additional 777.059 acres included in the expanded contract area is adjacent to and in the vicinity of the original contract area of the Leighton Prospect and is comprised of 457.059 acres in Leighton Prospect lying outside the original contract area and 320 acres in the adjacent Mandurah Prospect with depths from 7,100 feet down to 100 feet below the base of the Edwards Limestone Formation.

The first Eagle Ford well at the Leighton Project, Tyler Ranch EFS #1H was completed during December having reached a total depth of 3,252m (10,670ft) and 1,372m (4,500ft) laterally. Good oil and gas shows were encountered during drilling, and following fracture stimulation and testing, the well had an initial flow in late December of 1,267 boepd, representing 1,202 bopd of light sweet crude and 782 mcfgpd of gas on a 16/64" choke.

Total sales from Tyler Ranch EFS #1H to 30 June 2011 was 78,975 boe (representing 63,105 bo and 95,220 mcfg). Global's net revenue interest share (5.95%) was 4,700 boe.

The second Eagle Ford well, Tyler Ranch EFS #2H, commenced drilling in June and successfully drilled 4,500 feet of horizontal well in the Eagle Ford reservoir in July 2011 having previously reached its total depth of 15,767 feet. The well tested oil and gas at the initial rates of 1,488 bopd and 700 mcfgpd (combined 1,605 boepd) through a 16/64" choke at a flowing tubing pressure of 3,000 psi in August 2011.

Olmos Reservoir

Global has a 15% working interest (11.25% net revenue interest) in approximately 873 acres from the surface down to the stratigraphic equivalent of the Olmos formation. Global has an interest in nine producing Olmos wells (eight at 30 June 2011), including three wells drilled during the year.

Texon advised during the year that the seventh Leighton well, Tyler Ranch #6, reached its total depth of 2,774 metres (9,100 feet) and began to flow oil and gas at the gross rate of 350 boepd from the Olmos reservoir (comprising 205 bopd and 880 mcf of gas per day) through a 10/64" choke at 2,000 psi.

Tyler Ranch #6 was connected to oil tanks and a gas sales pipeline in September 2010 so that Global is now receiving revenue from the production.

REVIEW OF OPERATIONS AND ACTIVITIES (Continued)

The eighth well targeting the Olmos reservoir in which Global has an interest, Peeler #2, was drilled in February 2011 and reached its total depth of 2,774 metres (9,100 feet). The Olmos in Peeler #2 has similar reservoir characteristics to the Olmos in the previous Leighton wells.

Peeler #2 begun to flow oil and gas in April 2011 at the gross rate of 252 boepd from the Olmos reservoir (comprising 192 bopd and 360 mcf of gas per day).

As at 30 June 2011, the Company had an interest in, and was receiving revenue from, the production of 8 Leighton wells from the Olmos reservoir. An additional Leighton well, Peeler #3 commenced drilling in June 2011 and reached its total vertical depth of 2,774 metres (9,100 feet) in July 2011. Peeler #3 began to flow oil and gas in August 2011 at the combined rate of 370 boepd from the Olmos reservoir (comprising 325 bopd and 268 mcfgpd).

The combined total sales from the eight (8) producing Leighton wells (Peeler #1, Peeler #2, Tyler Ranch #1, Tyler Ranch #2, Tyler Ranch #3, Tyler Ranch #4, Tyler Ranch #5 and Tyler Ranch #6) during the year was a gross 172,945 boe (73,666 bo and 595,675 mcfg) with Global's beneficial interest (11.25% NRI) being 19,456 boe.

Glossary:

bbl:	barrel
bo:	barrels of oil
boe:	barrels of oil equivalent
boepd:	barrels of oil equivalent per day (including gas converted to oil equiv barrels on basis of 6 mcf to 1 barrel of oil equivalent)
bopd:	barrels of oil per day
mcf:	thousand cubic feet
mcfg:	thousand cubic feet of gas
mmcfg:	million cubic feet of gas
mcfgpd:	thousand cubic feet of gas per day
mmbtu:	million British thermal units
NRI:	Net Revenue Interest

Uganda

An Option Agreement with Neptune Petroleum (Uganda) Limited, a wholly owned subsidiary of Tower Resources plc ("Tower"), provides Global with a right to convert its investment in the project to date into a 25% legal and beneficial interest in Uganda Licence EA5. Global retains its option to earn an interest in the Licence by funding its share of a forthcoming commitment well, but Global does not expect to make a final decision before funding of its own share of the well by Tower has been secured.

RESULTS OF OPERATIONS

	2011 $	2010 $
Profit/(loss) of the Consolidated Entity before income tax expense	(502,381)	2,351,449
Income tax benefit/(expense)	(1,063,970)	(1,245,032)
Net profit/(loss)	**(1,566,351)**	**1,106,417**

The results of the Consolidated Entity include gross profit from oil and gas sales of $807,840 (2010: $562,044) and interest income of $1,040,928 (2010: $869,729). In the current year, the consolidated results include a foreign exchange loss of $1,050,211 arising primarily from restatement of the Company's USD cash balances (2010: gain of $489,541), and tax expense of $1,063,970 relating to recognition of a deferred tax liability of $401,387 and adjustments to prior year tax estimates of a subsidiary of $662,583.

CORPORATE AND FINANCIAL POSITION

As at 30 June 2011 the Company had cash of $25,317,051 (2010: $27,898,875).

The Board continues to review opportunities for other acquisitions, joint ventures, or investments in the resources sector, both domestic and overseas, which may enhance shareholder value.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as outlined in the Review of Operations and Activities above, there were no other significant changes in the state of affairs of the Consolidated Entity during the year.

SIGNIFICANT POST BALANCE DATE EVENTS

(i) On 15 August 2011, the Company advised that the ninth well targeting the Olmos reservoir at the Leighton Project, Peeler #3, began to flow oil and gas at the combined rate of 370 boepd from the Olmos reservoir (comprising 325 bopd and 268 mcfgpd).

(ii) On 19 August 2011, the Company granted a total of 400,000 Incentive Options to a director and other key consultants of the Company. The Incentive Options are exercisable at $0.25 each on or before 30 June 2014 and have been valued at $0.15 per Option.

(iii) On 26 August 2011, the Company announced that it had completed the acquisition of Jupiter Petroleum Limited ("Jupiter") which holds prospective oil and gas exploration interests in offshore Namibia and in offshore Juan de Nova, a French dependency in the Mozambique Channel.

In consideration for the acquisition of 100% of the issued capital of Jupiter, Global has issued Mr Peter Blakey and Mr Peter Taylor (**Vendors**) 25 million fully paid ordinary shares. The consideration shares are subject to a 12 month holding lock at the register from issue. The Vendors are also Directors of Global. The Shares have been recorded at the market value at the date of issue.

As part of the acquisition, the Company has also reimbursed the Vendors for costs incurred in connection with obtaining the licence and other reasonable costs in connection with the agreement totalling approximately £272,000 (A$430,000).

In addition to the above consideration amounts, the Company loaned US$245,000 (A$251,102) to Jupiter during the 30 June 2011 financial year and a further US$687,000 (A$647,000) subsequent to year end. These amounts have been to fund the activities of Jupiter and have been treated as loans receivable. Subsequent to the date of acquisition, these loans will eliminate on consolidation of Jupiter.

(iv) On 30 August 2011, the second Eagle Ford well in which Global has an interest, Tyler Ranch EFS #2H tested oil and gas at the initial rates of 1,488 bopd and 700 mcfgpd (combined 1,605 boepd) through a 16/64" choke at a flowing tubing pressure of 3,000 psi.

(v) Mr Peter Hill commenced as Managing Director and Chief Executive Officer on 1 September 2011.

(vi) On 19 September, the Company advised that it had completed interpretation of more than 2,000 kms of purchased 2D seismic data from the 1990s. This confirmed the presence of two leads (designated Structure A and Structure B), and revealed both their extent and configuration with much greater clarity. The interpretation enabled Global to present new Gross and Net Attributable Prospective Resources for the two leads. In addition, the Company advised that it was commencing a new 2D seismic survey of approximately 2,000 kms over its prospective oil and gas exploration blocks offshore Namibia.

Other than as outlined above, as at the date of this report, there are no matters or circumstances which have arisen since 30 June 2011 that have significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2011 of the Consolidated Entity;
(ii) the results of those operations, in financials years subsequent to 30 June 2011 of the Consolidated Entity; or
(iii) the state of affairs, in financial years subsequent to 30 June 2011 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 the United States of America and Africa and continue 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	
Directors	**Ordinary Shares(1)**	**Incentive Options (2)**
Mr M Savage	2,225,000	-
Mr P Hill(5)	-	-
Mr P Blakey(4)	39,617,095	-
Mr P Taylor(4)	40,973,674	-
Mr I Middlemas	1,430,000	-
Mr C McGhie	-	300,000(3)

Notes

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

(2) Incentive Options means one unlisted option exercisable at $0.25 on or before 30 June 2014.

(3) On 26 August 2011, following shareholder approval, Mr McGhie was granted 300,000 Incentive Options exercisable at $0.25 each on or before 30 June 2014.

(4) Subsequent to year end, in connection with the acquisition of Jupiter Petroleum Limited, Mr Peter Blakey and Mr Peter Taylor were issued a total of 25 million fully paid ordinary shares, with 12,500,000 shares each being included in their interest in Ordinary Shares in the table above.

(5) Mr Hill was appointed as a Director on 1 September 2011. Subject to shareholder approval, the Company has agreed to grant Mr Hill (or his nominee) the following options. Shareholder approval was not received prior to the date of this report and accordingly these options are not included in the table above.

a. 1,500,000 incentive options exercisable at A$0.25 each on or before 1 April 2014, vesting on 1 April 2012;

b. 1,750,000 incentive options exercisable at A$0.30 each on or before 1 October 2014, vesting on 1 October 2012;

c. 1,750,000 incentive options exercisable at A$0.35 each on or before 1 April 2015, vesting on 1 April 2013; and

d. 1,000,000 incentive options exercisable at A$0.45 each on or before 1 October 2015, vesting on 1 October 2013.

SHARE OPTIONS

On 26 August 2011, the Company granted 400,000 Incentive Options exercisable at $0.25 each on or before 30 June 2014.

Since 30 June 2011, 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 2011, and the number of meetings attended by each Director.

Directors	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Mr M Savage	6	6
Mr P Hill (appointed 1 September 2011)	-	-
Mr P Blakey	3	3
Mr P Taylor	3	3
Mr I Middlemas	6	4
Mr C McGhie	6	6

REMUNERATION REPORT – AUDITED

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("**KMP**") of the Group.

Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

Current Directors
Mr Mark Savage
Mr Peter Hill (appointed 1 September 2011)
Mr Peter Blakey
Mr Peter Taylor
Mr Ian Middlemas
Mr Clint McGhie

Unless otherwise disclosed, the KMP held their position from 1 July 2010 until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

(i) the Group is currently focused on undertaking exploration, appraisal and development activities;

(ii) risks associated with developing oil and gas companies whilst exploring and developing projects; and

(iii) other than profit which may be generated from asset sales, as the Company is currently undertaking new project acquisition, exploration and development activities, it does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Non-cash benefits may include provision of motor vehicles and health care benefits.

Fixed remuneration is reviewed annually by the Board in the absence of a Remuneration and Nomination Committee. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

REMUNERATION REPORT – AUDITED (Continued)

Performance Based Remuneration – Short Term Incentive

Some executives are entitled to an annual cash bonus upon achieving various key performance indicators (“**KPI’s**”), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI’s will include measures such as successful completion of exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs), development activities (e.g. completion of feasibility studies), corporate activities (e.g. recruitment of key personnel) and business development activities (e.g. project acquisitions and capital raisings). The Board currently assesses performance against these criteria annually on the anniversary of the executive’s start date.

During the 2011 financial year, no cash bonuses have been paid or are payable (2010: none).

Performance Based Remuneration – Long Term Incentive

The Board may issue incentive options to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Consolidated Entity. The Board considers that each executive’s experience in the resources industry will greatly assist the Consolidated Entity in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options to be granted to executives will be commensurate to their value to the Consolidated Entity.

The Board has a policy of granting incentive options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Consolidated Entity increases sufficiently to warrant exercising the incentive options granted.

Other than service-based vesting conditions, there are not expected to be additional performance criteria on the incentive options granted to executives, as given the speculative nature of the Consolidated Entity’s activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Consolidated Entity are closely related.

The Company does not currently have a policy regarding executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company’s project identification, acquisition, exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board’s policy for determining the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. However, as noted above, a number of KMP have received or are entitled to receive Incentive Options which generally will only be of value should the value of the Company’s shares increase sufficiently to warrant exercising the Incentive Options.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking new project acquisition, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining the nature and amount of remuneration of KMP.

REMUNERATION REPORT – AUDITED (Continued)

Non-Executive Director Remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Incentive Options have been used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may in limited circumstances receive unlisted incentive options in order to secure their initial or ongoing services.

Non-Executive Director fees for Messrs Savage, Blakey, Taylor and McGhie are presently set at $45,000 per annum (2010: $45,000). These fees cover main board activities only. Mr Middlemas was paid consulting fees of $49,050 (inclusive of superannuation) for the year ended 30 June 2011 (2010: $49,050). Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

The board has no retirement scheme in place. Directors who retire from the board of directors are not entitled to any retirement payment. Where required, the Company will make contributions to superannuation funds.

REMUNERATION REPORT – AUDITED (Continued)

Director 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	Termin-ation Benefits	Share-based Payments	Other	Total	Proportion of Remun-eration Perform-ance Related	Value of Options as Proportion of Remu-neration
Director		Salary $	Non-monetary benefits $	Directors Fees $	Super-annuation $	$	Options[2] $	Consulting Fees $	$	%	%
Mr M Savage	**2011**	**-**	**-**	**45,000**	**-**	**-**	**-**	**-**	**45,000**	**-**	**-**
	2010	-	-	45,000	-	-	-	-	45,000	-	-
Mr P Blakey	**2011**	**-**	**-**	**45,000**	**-**	**-**	**-**	**30,000[3]**	**75,000**	**-**	**-**
	2010	-	-	45,000	-	-	-	15,000[3]	60,000	-	-
Mr P Taylor	**2011**	**-**	**-**	**45,000**	**-**	**-**	**-**	**30,000[3]**	**75,000**	**-**	**-**
	2010	-	-	45,000	-	-	-	15,000[3]	60,000	-	-
Mr I Middlemas	**2011**	**-**	**-**	**-**	**-**	**-**	**-**	**49,050**	**49,050**	**-**	**-**
	2010	-	-	-	-	-	-	49,050	49,050	-	-
M C McGhie[5] [6]	**2011**	**-**	**-**	**45,000**	**4,500**	**-**	**-**	**-**	**49,050**	**-**	**-**
	2010	-	-	3,750	337	-	-	-	4,087	-	-
Mr S Cranswick[4] [6]	2010	-	-	41,415	3,727	-	-	13,500	58,642	-	-

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 financial year.
(3) TM Services Limited, a company controlled by Mr P Taylor and Mr P Blakey, was paid a total of $60,000 (2010: $30,000) during the year for additional consulting services provided to the Group by Mr P Taylor and Mr P Blakey.
(4) Mr S Cranswick resigned on 1 June 2010.
(5) Mr C McGhie was appointed on 1 June 2010.
(6) Mr S Cranswick (prior to his resignation) and Mr C McGhie (following his appointment) provided services as the Company's Company Secretary through a services agreement with Apollo Group Pty Ltd. Under the agreement, Apollo Group Pty Ltd provides administrative, company secretarial and accounting services, and the provision of a fully serviced Australian office to the Company for a monthly retainer of $19,000 (2010: $17,000). Mr Cranswick was an employee of Apollo Group Pty Ltd and Mr McGhie is an employee of Apollo Group Pty Ltd.

REMUNERATION REPORT – AUDITED (Continued)

Options Granted to Key Management Personnel

Details of options granted to each Key Management Personnel of the Company or Group during the financial year are as follows:

2011

No options were granted as part of their remuneration to key management personnel during the 2011 financial year.

2010

No options were granted as part of their remuneration to key management personnel during the 2010 financial year.

There were no options granted, exercised or that lapsed for any Key Management Personnel of the Company or Group during the financial year.

Employment Contracts with Key Management Personnel

Mr Hill, Managing Director and Chief Executive Officer, has a contract of employment with Global Petroleum Limited dated 1 August 2011. The contract specifies the duties and obligations to be fulfilled by the Managing Director and Chief Executive Officer. The contract has a rolling annual term and may be terminated by the Company by giving 3 months notice. Mr Hill will receive a salary of £220,000 plus pension contributions of £30,000 per annum and a discretionary bonus subject to the achievement of key performance indicators (**KPI's**) to be established by the Board.

Subject to the necessary approvals, Mr Hill will also be granted the following options:

- 1,500,000 incentive options exercisable at A$0.25 each on or before 1 April 2014, vesting on 1 April 2012;
- 1,750,000 incentive options exercisable at A$0.30 each on or before 1 October 2014, vesting on 1 October 2012;
- 1,750,000 incentive options exercisable at A$0.35 each on or before 1 April 2015, vesting on 1 April 2013; and
- 1,000,000 incentive options exercisable at A$0.45 each on or before 1 October 2015, vesting on 1 October 2013.

INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer. During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to these indemnities.

During the financial year, an insurance premium of $21,663 was paid by the Group to insure against a liability incurred by a person who is or has been a director or officer of the Company or Group. The insurance policy does not contain details of the premiums paid in respect of individual officers of the Company.

NON-AUDIT SERVICES

The auditor, KPMG, did not provide any non-audit services to the Company during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on Page 19, and forms part of the Directors' Report.

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

PETER HILL
Managing Director

29 September 2011

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 2011 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

Brent Steedman
Partner

Perth

29 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

GLOBAL PETROLEUM LIMITED

	Notes	2011 $	2010 $
Continuing operations			
Revenue	2(a)	1,700,219	1,224,723
Cost of Sales	2(b)	(892,379)	(662,679)
Gross Profit/(Loss)		**807,840**	**562,044**
Financial and other income	2(c)	1,040,928	7,869,270
Administration costs	2(d)	(1,300,938)	(982,865)
Exploration and evaluation expenditure written off	6	-	(2,442,466)
Foreign exchange loss		(1,050,211)	-
Litigation costs		-	(2,654,534)
Profit/(loss) before income tax		**(502,381)**	**2,351,449**
Income tax (expense)/benefit	3	(1,063,970)	(1,245,032)
Profit/(loss) for the Year		**(1,566,351)**	**1,106,417**
Profit/(loss) attributable to members of Global Petroleum Limited		**(1,566,351)**	**1,106,417**
Other comprehensive income			
Exchange differences on translating foreign operations		(322,161)	56,382
Other comprehensive income/(loss) for the period, net of tax		**(322,161)**	**56,382**
Total comprehensive income/(loss) for the period		**(1,888,512)**	**1,162,799**
Total comprehensive income/(loss) attributable to members of Global Petroleum Limited		**(1,888,512)**	**1,162,799**
Basic earnings/(loss) per share from continuing operations (cents per share)	13	(0.90)	0.63
Diluted earnings/(loss) per share from continuing operations (cents per share)	13	(0.90)	0.63

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 $	2010 $
Current assets			
Cash and cash equivalents	15(b)	25,317,051	27,898,875
Trade and other receivables	4	506,446	267,629
Total current assets		**25,823,497**	**28,166,504**
Non-current assets			
Trade and other receivables	5	231,193	-
Oil and gas assets	7	2,401,417	1,553,239
Total non-current assets		**2,632,610**	**1,553,239**
TOTAL ASSETS		**28,456,107**	**29,719,743**
Current liabilities			
Trade and other payables	8	258,627	201,832
Current tax payable	3(c)	1,398,319	1,245,032
Total current liabilities		**1,656,946**	**1,446,864**
Non-current liabilities			
Provisions	9	38,473	25,066
Deferred tax liability	3(d)	401,387	-
Total non-current liabilities		**439,860**	**25,066**
TOTAL LIABILITIES		**2,096,806**	**1,471,930**
NET ASSETS		**26,359,301**	**28,247,813**
Equity			
Issued capital	10	35,590,053	35,590,053
Reserves	11	(419,369)	(97,208)
Accumulated losses	12	(8,811,383)	(7,245,032)
TOTAL EQUITY		**26,359,301**	**28,247,813**

The accompanying notes form part of these financial statements.

	Notes	2011 $	2010 $
Cash flows from operating activities			
Oil and gas revenue received		1,182,755	1,145,673
Cash paid to suppliers and employees		(1,333,352)	(638,565)
Interest received		1,040,928	869,691
GST refunds received		52,211	-
Net cash from operating activities	15(a)	**942,542**	**1,376,799**
Cash flows from investing activities			
Payments for oil and gas assets		(1,833,890)	(975,096)
Payments for exploration expenditure		-	(2,442,466)
Loan to director related entity		(251,102)	-
Litigation settlement		-	6,510,000
Litigation expenses		-	(2,654,534)
Net cash from/(used in) investing activities		**(2,084,992)**	**437,904**
Net increase/(decrease) in cash and cash equivalents		(1,142,450)	1,814,703
Cash and cash equivalents at 1 July		27,898,875	26,151,515
Effects of exchange rate changes on cash and cash equivalents		(1,439,374)	(67,343)
Cash and cash equivalents at 30 June	15(b)	**25,317,051**	**27,898,875**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
2010				
Balance at 1 July 2009	35,590,053	(153,590)	(8,351,449)	27,085,014
Net income for the period	-	-	1,106,417	1,106,417
Foreign exchange translation differences	-	56,382	-	56,382
Total comprehensive income for the year	-	56,382	1,106,417	1,162,799
Balance at 30 June 2010	**35,590,053**	**(97,208)**	**(7,245,032)**	**28,247,813**
2011				
Balance at 1 July 2010	35,590,053	(97,208)	(7,245,032)	28,247,813
Net loss for the period	-	-	(1,566,351)	(1,566,351)
Foreign exchange translation differences	-	(322,161)	-	(322,161)
Total comprehensive loss for the year	-	(322,161)	(1,566,351)	(1,888,512)
Balance at 30 June 2011	**35,590,053**	**(419,369)**	**(8,811,383)**	**26,359,301**

Amounts are stated net of tax

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of Global Petroleum Limited ("Global" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2011 are stated to assist in a general understanding of the financial report.

Global is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange and the London Stock Exchange (AIM).

The financial report of the Company for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 27 September 2011.

(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 other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

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.

(b) Statement 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).

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

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 2011. These are outlined in the table below:

GLOBAL PETROLEUM LIMITED

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This Standard shall be applied when AASB 9 is applied.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2011
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities Public sector entities other than the Australian Government and State, Territory and Local Governments	1 July 2013	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2013
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: (a) The change attributable to changes in credit risk are presented in other comprehensive income (OCI) (b) The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2013

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2011 and the results of all subsidiaries for the year then ended.

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 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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 – Tax Losses and Tax Payable
- Note 6 – Exploration and Evaluation Expenditure
- Note 9 – Provisions

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 2 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(f) Trade and Other 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 and taken to a provision account when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(g) Investments and Other Financial Assets

The Group classifies its investments in the following categories: financial assets at fair value through the Statement of Comprehensive Income, 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.

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 receivables and other financial assets in the Statement of Financial Position.

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 the Statement of Comprehensive Income. 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments and Other Financial Assets (Continued)

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 fair value reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income 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 Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

(h) 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 year end. 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.

(i) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which is the Australian equivalent of IFRS 6.

Exploration licence acquisition costs are capitalised and subject to impairment testing every six months. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred except where:

(i) the expenditure relates to an exploration discovery that, at balance date, has not been recognised as an area of interest, as assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or

(ii) an area of interest is recognised, and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest. Areas of interest are recognised at the field level. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are capitalised.

Each potential or recognised area of interest is reviewed every six months to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.

Data licenses acquired are carried initially at cost and are amortised on a straight line basis over the number of wells in the drilling program to which the acquisition related. Where a determination is made that there is no further value to be extracted from the data licenses then any unamortised balance is written off.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Exploration and Evaluation Expenditure (Continued)

Once management has determined the existence of economically recoverable reserves for an area of interest, deferred costs are reclassified from exploration and evaluation expenditure to oil and gas properties on the statement of financial position.

The 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.

(j) Oil and Gas Properties

Oil and gas properties are carried at cost and include acquisition costs, drilling, completion, operating costs and transferred exploration and evaluation expenditure.

Oil and gas properties are amortised using a units-of-production method, based on the ratio of actual production to remaining proved and probable reserves (2P) as estimated by independent petroleum engineers.

The recoverability of the carrying amount of the oil and gas property is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(k) Trade and Other Payables

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

(l) 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.

(m) Site Restoration Provision

Provisions made for environmental rehabilitation are recognised where there is a present obligation as a result of exploration, development or production activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected area. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period. The amount of the provision for future restoration costs relating to exploration and development activities is capitalised as a cost of those activities. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability. The unwinding of discounting on the provision is recognised as a finance cost.

(n) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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.

(p) 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.

(q) Goods and Services Tax

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

(i) 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

(ii) 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 Statement of Financial Position.

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.

(r) Revenue

Sale of oil and gas

Revenue from the sale of oil and gas is recognised when the significant risks and rewards of ownership have transferred to the buyer and can be measured reliably. Delivery of gas is by pipeline and sales contracts define the point of transfer of ownership.

(s) Other Income

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

(t) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Impairment of Assets (Continued)

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 the Statement of Comprehensive Income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the Statement of Comprehensive Income.

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 the Statement of Comprehensive Income. 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 except exploration and evaluation expenditure 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 in the Statement of Comprehensive Income if the carrying amount of an asset exceeds its recoverable amount.

(u) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Business Combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except that:

(i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;

(ii) liabilities or equity instruments related to the replacement by the Group of an acquiree's sharebased payment awards are measured in accordance with AASB 2 Share-based Payment; and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(v) Share-Based Payments

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

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 payment is recognised only when it is likely that such criteria may be met, and the expense recognised is adjusted to reflect the number of awards that ultimately vest.

(w) 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.

Deferred tax assets and liabilities are recognised using the balance sheet method 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 using the balance sheet method 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Income Tax (Continued)

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.

(x) Foreign Currencies

Transactions 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 Statement of Comprehensive Income, 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 Statement of Comprehensive Income.

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:

(i) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

(ii) income and expenses are translated at the date of transaction. For practical reasons, a rate that approximates the exchange rate at the date of the transaction is used, for example average exchange rate for the period; and

(iii) 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 Statement of Financial Position. These differences are recognised in the Statement of Comprehensive Income in the period in which the operation is disposed.

GLOBAL PETROLEUM LIMITED

	2011 $	2010 $
2. PROFIT/(LOSS) FROM OPERATIONS		
(a) Revenue		
Oil and gas revenue	**1,700,219**	**1,224,723**
(b) Cost of sales		
Operating costs	277,066	182,894
Amortisation of oil and gas assets	615,313	479,785
	892,379	**662,679**
(c) Financial and other income		
Interest income	1,040,928	869,729
Net foreign exchange gain	-	489,541
Litigation settlement proceeds	-	6,510,000
	1,040,928	**7,869,270**
(d) Profit/(Loss) Before Tax		
Profit/(loss) before income tax has been arrived at after charging the following expenses attributable to continuing operations:		
Salaries and employee benefits expense	180,000	180,165
Consulting and professional fees	109,050	92,550
Post employment benefits	4,500	4,064
Shareholder costs	242,745	181,654
Administrative and other expenses	764,643	524,432
	1,300,938	**982,865**

	2011 $	2010 $
3. INCOME TAX		
(a) Recognised in the Statement of Comprehensive Income		
Current tax expense/(benefit)		
Current year	(109,774)	1,217,321
Adjustments for prior years	740,623	216,129
	630,849	1,433,450
Deferred tax expense		
Origination and reversal of temporary differences	374,771	371,866
Recognition of previously unrecognised tax losses	-	(560,284)
Tax benefits not brought to account	58,350	-
	433,121	(188,418)
Total income tax expense in the Statement of Comprehensive Income	**1,063,970**	**1,245,032**
(b) Reconciliation Between Profit/(Loss) Before Tax and Tax Expense		
Profit/(loss) before tax expense	(502,381)	2,351,449
Prima facie tax expense/(benefit) at 30% (2010: 30%)	(150,714)	705,435
Increase/(decrease) in income tax expense due to:		
Expenditure not allowable for income tax purposes	392,319	770,588
Income not assessable for income tax purposes	-	(181,557)
Under / (Over) provision in prior years	740,623	216,129
Adjustment for different tax rates of subsidiaries operating in other jurisdictions	23,392	294,721
Temporary differences not previously brought to account	-	(560,284)
Tax benefit not brought to account	58,350	-
Income tax expense/(benefit) on pre-tax net profit/(loss)	**1,063,970**	**1,245,032**
(c) Current tax payable		
Opening balance of tax payable	1,245,032	-
Income tax expense for the year	1,063,970	1,245,032
Deferred tax liability	(401,387)	-
Foreign exchange movement	(509,296)	-
Closing balance of tax payable	**1,398,319**	**1,245,032**

	2011 $	2010 $
3. INCOME TAX (Continued)		
(d) Deferred Income Tax		
Deferred income tax at 30 June 2011 relates to the following:		
Deferred tax liabilities		
Exploration and evaluation assets	657,374	201,383
Deferred tax assets used to offset deferred tax liabilities	(255,987)	(201,383)
	401,387	**-**
Deferred tax assets		
Accrued expenses	20,730	17,550
Tax losses available to offset future taxable income	828,891	-
Deferred tax assets used to offset deferred tax liabilities	(255,987)	(201,383)
Tax benefit not brought to account	(593,634)	183,833
	-	**-**

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

During the financial year, the Company has recognised a tax expense of $662,583 resulting from adjustments to prior year tax estimates of a subsidiary. At the date of this report, the tax return for this entity has not been finalised and it is possible that there may be additional amounts payable, including potential interest and penalties of up to A$610,000. Management is unable, based on currently available information, to say that it is probable that any further amounts will be payable, and accordingly no further amounts have been provided for in these accounts.

	Notes	2011 $	2010 $
4. TRADE AND OTHER RECEIVABLES			
Current			
Oil and gas revenue receivable		488,028	247,630
Other debtors		18,418	19,999
		506,446	**267,629**
5. TRADE AND OTHER RECEIVABLES			
Non-current			
Loan to director-related entity	18	**231,193**	**-**
6. EXPLORATION AND EVALUATION EXPENDITURE			
Cost			
Carrying amount at beginning of year		-	-
Expenditure incurred		-	2,442,466
Expenditure written off		-	(2,442,466)
Carrying amount at end of year		**-**	**-**

Expenditure written-off during the 2010 year primarily relates to the Uganda project, which was commercially unsuccessful. 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.

	2011 $	2010 $
7. OIL AND GAS ASSETS		
Carrying amount at beginning of year	1,553,239	1,238,654
Expenditure incurred during the year	1,847,297	858,193
Exchange differences	(383,806)	(63,823)
Amortisation	(615,313)	(479,785)
Carrying amount at end of year	**2,401,417**	**1,553,239**

	2011 $	2010 $
8. TRADE AND OTHER PAYABLES		
Current		
Trade payables	189,527	143,332
Other payables and accrued expenses	69,100	58,500
	258,627	**201,832**

9. PROVISIONS

Non-current		
Restoration provision	**38,473**	**25,066**
Balance at 1 July 2010	25,066	8,503
Provisions made during the year	13,407	16,563
Balance at 30 June	**38,473**	**25,066**

The restoration provision represents the value of the estimated cost of obligations to restore operating locations including the removal of facilities, abandonment of wells and restoration of affected areas.

	2011 $	2010 $
10. ISSUED CAPITAL		
(a) Issued and Paid Up Capital		
174,444,787 (2010: 174,444,787) fully paid ordinary shares	**35,590,053**	**35,590,053**

(b) Movements in Ordinary Share Capital During the Past Two Years Were as Follows:

There were no movements in ordinary share capital during the years ended 30 June 2011 or 30 June 2010.

10. ISSUED CAPITAL (Continued)

(c) Terms and Conditions of Ordinary Shares

The rights attaching to fully paid ordinary shares ("**Ordinary 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 the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 natural persons, each of whom is or represents different shareholders who are eligible to vote.

The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) 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.

(v) Listing Rules

Provided the Company remains admitted to the Official List of the ASX, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules of the ASX, and authority is given for acts required to be done by the Listing Rules of the ASX. The Company's Constitution will be deemed to comply with the Listing Rules of the ASX as amended from time to time.

	2011 $	2010 $
11. RESERVES		
(a) Balances		
Foreign currency translation reserve	(419,369)	(97,208)
Total Reserves	**(419,369)**	**(97,208)**

(b) Nature and purpose of reserves

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.

	2011 $	2010 $
(c) Movements in Foreign Currency Translation Reserve during the Past Two Years were as follows:		
Foreign currency translation reserve		
Balance at 1 July	(97,208)	(153,590)
Exchange differences on translation of foreign operations	(322,161)	56,382
Balance at 30 June	**(419,369)**	**(97,208)**

	2011 $	2010 $
12. ACCUMULATED LOSSES		
Balance at 1 July	(7,245,032)	(8,351,449)
Net profit/(loss)	(1,566,351)	1,106,417
Total Accumulated Losses	**(8,811,383)**	**(7,245,032)**

(a) Dividends

No dividends have been declared, provided for or paid in respect of the years ended 30 June 2011 or 2010. 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.

	2011 Cents per Share	2010 Cents per Share
13. EARNINGS PER SHARE		
Basic earnings/(loss) per share	(0.90)	0.63
Diluted earnings/(loss) per share	(0.90)	0.63

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

	2011 $	2010 $
Net profit/(loss) used in calculating basic and diluted earnings per share	**(1,566,351)**	**1,106,417**

	Number of Shares 2011	Number of Shares 2010
Weighted average number of ordinary shares used in calculating basic earnings per share	174,444,787	174,444,787
Effect of dilutive securities	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	**174,444,787**	**174,444,787**

(a) Non-dilutive securities

No options were outstanding as at 30 June 2011 or 30 June 2010 hence there is no dilutive effect.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2011

Since 30 June 2011, 25 million shares have been issued and 400,000 incentive options have been granted (refer to note 25). No shares have been issued as a result of the exercise of options since 30 June 2011.

14. SHARE BASED PAYMENTS

From time to time, the Group may provide Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

During the past two financial years, no equity-settled share-based payments have been issued.

GLOBAL PETROLEUM LIMITED

14. SHARE BASED PAYMENTS (Continued)

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

For the Year ended 30 June 2011

There were no options on issue during the year ended 30 June 2011.

For the Year ended 30 June 2010

There were no options on issue during the year ended 30 June 2010.

	Notes	2011 $	2010 $
15. NOTES TO THE STATEMENT OF CASH FLOWS			
(a) Reconciliation of Profit/(Loss) for the Year to Cash Flows Used in Operating Activities			
Profit/(loss) for the year		(1,566,351)	1,106,417
Adjustments for items classified as investing/financing activities:			
Net litigation settlement		-	(3,855,466)
Exploration and evaluation expenditure written off		-	2,442,466
Adjustments for non-cash items:			
Income tax expense adjustment		1,063,970	1,245,032
Amortisation	7	615,313	479,785
Unrealised net foreign exchange (gain)/loss		1,011,632	187,549
Changes in operating assets and liabilities, net of effects of purchase of controlled entities during the financial year:			
Decrease/(increase) in receivables		(238,817)	(182,533)
(Decrease)/increase in payables		56,795	(46,451)
Net cash from operating activities		**942,542**	**1,376,799**
(b) Reconciliation of Cash Assets			
Cash at bank and on hand		7,817,051	7,996,999
Bank short term deposits		17,500,000	19,901,876
		25,317,051	**27,898,875**

(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.

16. RELATED PARTIES

(a) Ultimate Parent

Global Petroleum Limited is the ultimate parent of the Group.

(b) Subsidiaries

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity. The financial year-end of the controlled entities is the same as that of the parent entity.

	Country of Incorporation	Ownership Interest 2011 %	2010 %
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 Pty Ltd*	Australia	100	100
Global Mine Management Pty Limited *	Australia	100	100
Global Petroleum (USA) Pty Ltd*	Australia	100	100
GP Exploration, Inc.*	United States of America	100	100
Astral Petroleum Limited *	United Kingdom	100	100
Astral Petroleum (Malta) 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 have been reviewed in forming the audit opinion on the financial report of the Consolidated Entity.

(c) Identity of related parties

The Consolidated Entity has a related party relationship with its subsidiaries, joint ventures (see Note 19) and with its key management personnel (see Note 18).

(d) Transactions with Related Parties in the Consolidated Group

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note.

	2011 $	2010 $
17. PARENT ENTITY DISCLOSURES		
(a) Financial Position		
Assets		
Current Assets	7,000,783	7,537,797
Non-Current Assets	1,156,817	2,913,717
Total Assets	8,157,600	10,451,514
Liabilities		
Current Liabilities	163,099	128,171
Non-Current Liabilities	17,100,663	16,798,684
Total Liabilities	17,263,762	16,926,855
Equity		
Issued Capital	35,590,053	35,590,053
Accumulated losses	(44,696,215)	(42,065,394)
Total Equity	(9,106,162)	(6,475,341)
(b) Financial Performance		
Loss for the year	(2,630,821)	(2,263,845)
Other comprehensive income	-	-
Total comprehensive loss	(2,630,821)	(2,263,845)

18. KEY MANAGEMENT PERSONNEL

The key management personnel of the Group during or since the end of the financial year were as follows:

Directors

Mr Mark Savage	Non-Executive Chairman
Mr Peter Hill	Managing Director and Chief Executive Officer (appointed 1 September 2011)
Mr Peter Blakey	Non-Executive Director
Mr Peter Taylor	Non-Executive Director
Mr Ian Middlemas	Non-Executive Director
Mr Clint McGhie	Non-Executive Director and Company Secretary

Unless otherwise disclosed, the key management personnel held their position from 1 July 2010 until the date of this report.

(a) Key Management Personnel Compensation

	2011 $	2010 $
Short-term employee benefits	180,000	180,165
Post-employment benefits	4,500	4,064
Other – Consulting fees	109,050	92,550
Total compensation	**293,550**	**276,779**

(b) Shareholdings of Key Management Personnel

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:

2011	Held at 1 July 2010	Acquisitions[1]	Disposals[1]	Held at 30 June 2011
Directors				
Mr M Savage	2,225,000	-	-	2,225,000
Mr P Hill (appointed 1 September 2011)	-	-	-	-
Mr P Blakey	27,117,095	-	-	27,117,095
Mr P Taylor	28,473,674	-	-	28,473,674
Mr I Middlemas	1,430,000	-	-	1,430,000
Mr C McGhie	-	-	-	-

18. KEY MANAGEMENT PERSONNEL (Continued)

(b) Shareholdings of Key Management Personnel (Continued)

2010	Held at 1 July 2009	Acquisitions[1]	Disposals[1]	Held at 30 June 2010
Directors				
Mr M Savage	-	2,225,000	-	2,225,000
Mr P Blakey	27,381,265	135,830	(400,000)	27,117,095
Mr P Taylor	28,429,392	444,282	(400,000)	28,473,674
Mr I Middlemas	1,430,000	-	-	1,430,000
Mr S Cranswick	110,000	390,000	-	500,000[2]
Mr C McGhie	-[3]	-	-	-

Notes:
1. On-market acquisition and disposal of shares.
2. As at date of resignation.
3. As at date of appointment.

(c) Options and rights over equity instruments

No options were held by key management personnel or related parties during the year ended 30 June 2011.

No options were held by key management personnel or related parties during the year ended 30 June 2010.

(d) Loans to key management personnel and their related parties

The Company loaned US$245,000 (A$251,102) to Jupiter Petroleum Limited ("Jupiter"), a Company owned by Mr Peter Taylor and Mr Peter Blakey, in December 2010 to assist Jupiter to meet bank guarantee requirements and other license payments for the Namibian petroleum licence whilst Global performed an initial assessment of Jupiter and its assets and undertook preliminary due diligence.

In accordance with the terms of a loan agreement between Global and Jupiter, no interest is payable and the loan is unsecured. The loan is repayable on written demand by Global, but is not intended to be called upon within the next twelve months, and accordingly at 30 June 2011, the loan is recorded in non-current receivables. Following acquisition, Jupiter will become a subsidiary of Global and, from that date, the loan will eliminate on consolidation.

There were no other loans provided to or received from key management personnel or their related parties during the year ended 30 June 2011 (2010: Nil).

(e) 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.

During the year the Company paid $204,000 (2010: $201,698) to TM Services Limited, a company controlled by Mr P Taylor and Mr P Blakey, for office usage and administrative and technical assistance in London.

18. KEY MANAGEMENT PERSONNEL (Continued)

(e) Other key management personnel transactions (Continued)

The Company also paid an additional $60,000 during the year (2010: $30,000) to TM Services Limited, for consulting services provided to the Group by Mr P Taylor and Mr P Blakey. This amount is included in 'Other – Consulting fees' in note 18(a) above.

There were no liabilities arising from the above transactions at 30 June 2011 (2010: $nil).

Subsequent to year end, on 26 August 2011, the Company announced that it had completed the acquisition of Jupiter Petroleum Limited ("Jupiter"), a Company owned by Mr Peter Taylor and Mr Peter Blakey, which holds prospective oil and gas exploration interests in offshore Namibia and in offshore Juan de Nova, a French dependency in the Mozambique Channel. Refer to note 25 for further information regarding the acquisition of Jupiter.

(f) Changes in key management personnel after the reporting date

On 1 September 2011, Mr Peter Hill was appointed as Managing Director and Chief Executive Officer of the Company.

19. INTERESTS IN JOINT VENTURE OPERATIONS

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

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

	2011 $	2010 $
Current assets		
Cash and cash equivalents	-	-
Trade and other receivables	488,028	247,631
Total current assets	**488,028**	**247,631**
Non-current assets		
Oil and gas assets	2,401,417	1,553,239
Total non-current assets	**2,401,417**	**1,553,239**
TOTAL ASSETS	**2,889,445**	**1,800,870**
Current liabilities		
Trade and other payables	68,002	38,494
Total current liabilities	**68,002**	**38,494**
Non-current liabilities		
Provisions	38,473	25,066
Deferred tax liability	401,387	-
Total non-current liabilities	**439,860**	**25,066**
TOTAL LIABILITIES	**507,862**	**63,560**
NET ASSETS	**2,381,583**	**1,737,310**

		Joint Venture % Interest Held	
	Notes	**2011 %**	**2010 %**
Leighton Project - Olmos		15.000	15
Leighton Project – Eagle Ford Shale	(1)	7.939	-

Note

(1) On 27 August 2010, the Company advised that it had signed an amendment to the Participation Agreement with Texon Petroleum Ltd (ASX: TXN) expanding the contract area of the Leighton Prospect to 1,651 acres for all depths beneath the Olmos Formation by cross-assigning its 15% working interest in the existing 873.691 acres, with 777.059 acres in which Texon holds an average 96% working interest. Global now owns an undivided 7.939% working interest across the expanded area including the Eagle Ford Shale (131.05 net acres).

See Notes 23 and 24 for details of commitments and contingencies in relation to joint venture operations.

	2011 $	2010 $
20. REMUNERATION OF AUDITORS		
Audit services:		
Auditors of the Company, KPMG Australia – audit and review of financial reports	44,179	41,500
Other auditors – audit and review of financial reports	6,452	11,892
	50,631	**53,392**
Other services:		
Auditors of the Company, KPMG Australia	-	-
Other auditors	-	2,228
	-	**2,228**
	50,631	**55,620**

KPMG are the auditors of the Consolidated Entity for the year ended 30 June 2011. In addition, other auditors performed audit services for certain controlled entities.

21. SEGMENT INFORMATION

The Group currently has 2 reportable segments as described below, which are the Group's strategic business units. The strategic business units undertake the same business activity – oil and gas exploration, development and production. They are managed separately as they are operated in different geographical areas and require different technology and marketing strategies. For each of the strategic business units, the Directors review internal management reports at least half yearly.

The following summary describes the operations of each of the reportable segments:

- Africa – Oil and gas exploration in Africa
- USA – Oil and gas production in USA

Information regarding the Group's reportable segments is presented below.

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21. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Africa		USA		Consolidated	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Segment revenue						
External revenue	-	-	1,700,219	1,224,723	1,700,219	1,224,723
Total revenue	**-**	**-**	**1,700,219**	**1,224,723**	**1,700,219**	**1,224,723**
Segment results						
Segment result	-	1,394,067	796,239	555,919	796,239	1,949,986
	-	1,394,067	796,239	555,919	796,239	1,949,986
Interest income					1,040,457	869,729
Net foreign exchange gain/(loss)					(1,050,211)	489,541
Corporate and administration costs					(1,288,866)	(957,807)
Profit/(loss) before income tax					**(502,381)**	**2,351,449**
Income tax (expense)/benefit					(1,063,970)	(1,245,032)
Profit/(loss) for the period					**(1,566,351)**	**1,106,417**
Amortisation of oil and gas assets	-	-	615,313	479,785	615,313	479,785
Exploration and evaluation expenditure written off	-	2,442,466	-	-	-	2,442,466

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21. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	Africa		USA		Consolidated	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Segment assets						
Assets	-	-	2,889,445	1,800,870	2,889,445	1,800,870
Total segment assets	**-**	**-**	**2,889,445**	**1,800,870**	**2,889,445**	**1,800,870**
Unallocated assets					25,566,662	27,918,873
Consolidated assets					**28,456,107**	**29,719,743**
Segment liabilities						
Liabilities	25,146	35,168	106,475	63,559	131,621	98,727
Total segment liabilities	**25,146**	**35,168**	**106,475**	**63,559**	**131,621**	**98,727**
Unallocated liabilities					1,965,185	1,373,203
Consolidated liabilities					**2,096,806**	**1,471,930**
Acquisition of non-current assets, including capitalised exploration and evaluation expenditure	-	2,442,466	1,847,297	858,193	1,847,297	3,300,659

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise trade and other receivables, trade and other payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Given the nature and size of the business, no formal risk management committees have been established, however responsibility for control and risk management is delegated to the appropriate level of management with the chairman and company secretary (or their equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of the operations and financial position of the Group. The Board also reviews risks that relate to operations and financial instruments as required, but at least every six months.

Given the uncertainty as to the timing and amount of cash inflows and outflows, the Group has not implemented any additional strategies to mitigate the financial risks and no hedging has been put in place. As the Group's operations change, the Directors will review this policy periodically going forward.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2011 $	2010 $
Cash and cash equivalents	25,317,051	27,898,875
Trade and other receivables	737,639	267,629
	26,054,690	**28,166,504**

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit Risk (Continued)

Trade and other receivables comprise loans, oil and gas revenue receivables, GST and other tax refunds due. Where possible 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. At 30 June 2011, none (2010: none) of the Group's receivables are past due. No impairment losses have been recognised in the Group Statement of Comprehensive Income.

With respect to credit risk arising from cash and cash equivalents, 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. Cash and cash equivalents are held with the ANZ Bank which is an Australian bank with a AA credit rating (Standard & Poor's).

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2011 and 2010, the Group has sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 months $	6-12 months $	1-5 years $	≥5 years $	Total $
2011					
Financial Liabilities					
Trade and other payables	258,627	-	-	-	258,627
	258,627	**-**	**-**	**-**	**258,627**
2010					
Financial Liabilities					
Trade and other payables	201,832	-	-	-	201,832
	201,832	**-**	**-**	**-**	**201,832**

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the 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 and payables are non-interest bearing.

At the reporting date, the Consolidated cash balance included A$5,989,854 (A$7,562,666) held in US dollar foreign currency accounts that were not interest bearing. All other cash balances were interest bearing as disclosed below:

	2011 $	2010 $
Interest-bearing financial instruments		
Cash at bank and on hand	1,827,197	434,313
Short term deposits	17,500,000	19,901,876
	19,327,197	**20,336,189**

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 5.35% (2010: 4.67%).

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

Interest rate sensitivity

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010. This analysis is prepared based on cash balances as at year end and is considered representative of the risk during the year.

	Profit or Loss	
	10% Increase	**10% Decrease**
2011		
Cash and cash equivalents	106,100	(106,100)
2010		
Cash and cash equivalents	108,549	(108,549)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Foreign Currency Risk

As a result of activities overseas, the Group's Statement of Financial Position can be affected by movements in exchange rates.

As at 30 June 2011, the Group had USD denominated deposits of US$6,347,514 (A$5,989,854). As at 30 June 2010, the Group has USD denominated deposits of US$6,478,936 (A$7,562,666).

The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

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

Foreign currency risk also arises on translation of the net assets of subsidiaries with a GBP or USD functional currency. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve. There is no hedging of this risk.

Sensitivity analysis for currency risk

A sensitivity of 10 per cent has been selected as this is considered reasonable given historic and potential future changes in foreign currency rates. This sensitivity analysis is prepared as at balance date.

A 10% strengthening of the Australian dollar against the USD at 30 June 2011 would have decreased equity for the year for the Group by A$797,649 (2010: A$851,230). This analysis assumes that all other variables, in particular interest rates and equity prices, remain constant.

A 10% weakening of the Australian dollar against the USD at 30 June 2011 would have had the equal but opposite effect, on the basis that all other variables remain constant.

(f) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. No hedging or derivative transactions have been used to manage commodity price risk. Accordingly, the Group has no exposure to commodity price risk arising from financial instruments at 30 June 2011 (2010: Nil).

(g) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

(h) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

23. CAPITAL AND OTHER COMMITMENTS

(a) 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. 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.

(b) Joint Venture Commitments

As disclosed in note 25, on 26 August 2011, the Company announced that it had completed the acquisition of Jupiter Petroleum Limited ("Jupiter") which holds prospective oil and gas exploration interests in offshore Namibia and in offshore Juan de Nova, a French dependency in the Mozambique Channel. In order to maintain current rights of tenure to the exploration licences, Global will be required to perform minimum exploration work to meet the minimum expenditure requirements specified in the Namibian Petroleum Exploration Licence and the Juan de Nova Permit. The obligations (subject to application for, and granting of, renewal in the case of the First and Second Renewal Periods) include:

<u>Namibian Petroleum Exploration Licence:</u>

(a) **Initial Exploration Period** (First Four Years of Licence):
Undertake geological, geochemical, geophysical and related studies and review all existing gravity and magnetic data, and other available information, including the purchase of existing relevant and reasonable quality seismic data, and acquire, process and interpret a minimum of 1,000 kms of 2-D seismic data. Minimum exploration expenditure for the Initial Exploration Period: US$1 million.

(b) **First Renewal Exploration Period** (Two Years):
The drilling of one exploration well. Minimum exploration expenditure for the First Renewal Exploration Period: US$20 million.

(c) **Second Renewal Period** (Two Years):
Acquisition, processing and interpretation of additional seismic data (if necessary) and the drilling of one exploration well. Minimum exploration expenditure for the Second Renewal Exploration Period: US$20 million, or US$ 21 million if new seismic is required.

Jupiter Petroleum Limited has an 85% interest in the Petroleum Exploration Licence, however, it is responsible for 100% of the expenditure requirements with its joint venture partners holding a total of 15% free carried interest.

<u>Juan de Nova Permit:</u>

The work obligations for the current term of the Juan de Nova exploration permit include geologic studies, seismic acquisition and reprocessing and a commitment to drill one well with a contingency for a second well. The total financial commitment for the current term ending 31 December 2013 is €27.92 million with Jupiter's 30% share being €8.38 million (A$11.5 million).

The Company will consider funding options for these Projects as the need arises, including capital raising and joint venture arrangements.

24. CONTINGENCIES

(a) 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 2011 and 2010.

(b) 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.

25. SUBSEQUENT EVENTS

(i) Acquisition of Jupiter Petroleum Limited

On 26 August 2011, the Company announced that it had completed the acquisition of Jupiter Petroleum Limited ("Jupiter"), a UK registered company, which holds prospective oil and gas exploration interests in offshore Namibia and in offshore Juan de Nova, a French dependency in the Mozambique Channel.

The transaction is to be recorded as an acquisition of exploration and evaluation assets and is accordingly to be recorded at the cost of acquisition which is comprised as follows:

Consideration	$
Issue of 25,000,000 Ordinary Shares on 19 August 2011[1]	6,625,000
Reimbursement of licence and other expenses[2]	430,000
Cost of acquisition of Jupiter exploration interests	7,055,000

Notes

(1) In consideration for the acquisition of 100% of the issued capital of Jupiter, Global has issued Mr Peter Blakey and Mr Peter Taylor (Vendors) 25 million fully paid ordinary shares. The consideration shares are subject to a 12 month holding lock at the register from issue. The Vendors are also Directors of Global. The Shares have been recorded at market value at the date of issue; and

(2) As part of the acquisition, the Company has also reimbursed the Vendors for costs incurred in connection with obtaining the licence and other reasonable costs in connection with the agreement totalling approximately £272,000 (A$430,000).

In addition to the above consideration amounts, the Company has loaned funds to Jupiter during the 30 June 2011 financial year of US$245,000 (A$251,102) and subsequent to year end (A$647,000). These amounts have been to fund the activities of Jupiter and have been treated as loans receivable. At 30 June 2011 the loan receivable has been revalued to $231,193 based on the year end exchange rate. On the date of acquisition, these loans will eliminate on consolidation of Jupiter with the Company;

(ii) On 15 August 2011, the Company advised that the ninth well targeting the Olmos reservoir at the Leighton Project, Peeler #3, began to flow oil and gas at the combined rate of 370 boepd from the Olmos reservoir (comprising 325 bopd and 268 mcfgpd);

25. SUBSEQUENT EVENTS (Continued)

(iii) On 19 August 2011, the Company granted a total of 400,000 Incentive Options to a director and other key consultants of the Company. The Incentive Options are exercisable at $0.25 each on or before 30 June 2014 and have been valued at $0.15 per Option. The total fair value of the Incentive Options of $60,000 will be recognised as an expense over the vesting period of the Options in accordance with accounting standards;

(iv) On 30 August 2011, the second Eagle Ford well in which Global has an interest, Tyler Ranch EFS #2H tested oil and gas at the initial rates of 1,488 bopd and 700 mcfgpd (combined 1,605 boepd) through a 16/64" choke at a flowing tubing pressure of 3,000 psi;

(v) Mr Peter Hill commenced as Managing Director and Chief Financial Officer on 1 September 2011; and

(vi) On 19 September, the Company advised that it had completed interpretation of more than 2,000 kms of purchased 2D seismic data from the 1990s. This confirmed the presence of two leads (designated Structure A and Structure B), and revealed both their extent and configuration with much greater clarity. The interpretation enabled Global to present new Gross and Net Attributable Prospective Resources for the two leads. In addition, the Company advised that it was commencing a new 2D seismic survey of approximately 2,000 kms over its prospective oil and gas exploration blocks offshore Namibia.

Other than as outlined above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2011 that have significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2011 of the Consolidated Entity;

(ii) the results of those operations, in financials years subsequent to 30 June 2011 of the Consolidated Entity; or

(iii) the state of affairs, in financial years subsequent to 30 June 2011 of the Consolidated Entity.

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 attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001 including:

(i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

(ii) section 297 (gives a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Group); and

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

(2) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

(3) The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

On behalf of the Board.

PETER HILL
Managing Director

29 September 2011

Independent auditor's report to the members of Global Petroleum Limited

Report on the financial report

We have audited the accompanying financial report of Global Petroleum Limited (the Company), which comprises the statements of financial position as at 30 June 2011, and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 control. 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.

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, a true and fair view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

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 2011 and of their performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Global Petroleum Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Brent Steedman
Partner

Perth

29 September 2011