



**ABN 68 064 120 896**

**FINANCIAL REPORT**

**30 JUNE 2009**



## **DIRECTORS' REPORT**

30 June 2009

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 2009 (“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 Blakey  
Mr Peter Taylor  
Mr Ian Middlemas  
Mr Shane Cranswick

Unless otherwise disclosed, Directors held their office from 1 July 2008 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 – present), Stirling Products Ltd (April 2004 – September 2006) and Tower Resources Plc (January 2006 – present).

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

#### **Mr Peter Blakey 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 is now Dana Petroleum Plc, a London listed oil and gas company and one of the UK's leading independents. They were also founding members and directors of Consort Resources Ltd, which has become a significant North Sea gas production company, and of Planet Oil which was merged with Hardman Resources in 1998.

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

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

## DIRECTORS' REPORT

30 June 2009

(Continued)

### Mr Ian Middlemas B.Com, CA

*Non-Executive Director*

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

Mr Middlemas was appointed a Director of the Company on 9 March 2007 and Chairman on 16 May 2007. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Salinas Energy Limited (November 1995 – present), OmegaCorp Ltd (October 2000 – August 2007), Xenolith Resources Limited (March 2007 – present), Syngas Limited (May 2007 – February 2008), Indo Mines Limited (December 2006 – present), Mantra Resources Limited (September 2005 – present), Newport Mining Limited (September 2008 – present), Mavuzi Resources Limited (January 2007 – March 2008), Odyssey Energy Limited (September 2005 – present), Pacific Energy Limited (June 2006 – present), QED Occtech Limited (July 2001 – present), Sierra Mining Limited (January 2006 – present), Sovereign Metals Limited (July 2006 – present), Fusion Resources Limited (May 2002 – March 2009) and Berkeley Resources Ltd (July 2003 – November 2006).

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

### Mr Shane Cranswick B.Com, CA, ACIS, F Fin

*Non-Executive Director and Company Secretary*

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

Mr Cranswick was appointed Company Secretary of the Company on 2 April 2007 and a director on 6 June 2008. Mr Cranswick 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 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 2009 (2008: nil).

## EARNINGS PER SHARE

	2009 Cents	2008 Cents
Basic earnings/(loss) per share	(3.23)	9.08
Diluted earnings/(loss) per share	(3.23)	9.08

## CORPORATE STRUCTURE

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



## CONSOLIDATED RESULTS

	2009 \$	2008 \$
Profit/(loss) of the Consolidated Entity before income tax expense	(7,232,701)	17,432,650
Income tax benefit/(expense)	1,599,622	(1,599,622)
<b>Net profit/(loss)</b>	<b>(5,633,079)</b>	<b>15,833,028</b>

## REVIEW OF OPERATIONS AND ACTIVITIES

### Leighton Project

On 15 August 2008, the Company announced it was farming in to the Leighton oil prospect owned by Texon Petroleum Limited (ASX: TXN). The Company earned a 15% Working Interest ("WI") in the first well by funding 30% of the cost of drilling the well in addition to reimbursing Texon US\$180,000 in respect of prospect generation and lease costs for the well.

When the first well on Leighton has been drilled, Global opted to participate in the drilling of a second well under the same terms to earn a 15% WI in the Leighton leases. All subsequent wells drilled on Leighton are at each company's earned working interest.

Global has now commenced receiving revenue from the production of both Peeler #1 and Tyler Ranch #1.

### Uganda

During the year, Global announced that it has reached agreement ("Farm In Agreement") with Neptune Petroleum (Uganda) Limited ("Neptune"), a wholly-owned subsidiary of Tower Resources plc ("Tower"), an AIM listed oil and gas exploration company, to farm in to an interest in Neptune's Uganda acreage. Global has the right to earn a 50% interest in Exploration Area 5 ("EA5"), north western Uganda by meeting the cost of two exploration commitment wells.

EA5 is a 6,040 sq km licence area situated at the northern end of the Albertine Graben in northern Uganda. A regional aeromagnetic survey has identified that EA5 contains one of five identified sedimentary depocentres (or basins), called the Rhino Camp Basin, within the Albertine Graben and a programme of seismic interpretation and geochemical sampling has been completed.

It was agreed that Global's funding of Iti-1 was capped at US\$6.5 million in the event that drill stem testing was not justified and US\$7.5 million in the event that the presence of hydrocarbons supports the need for a drill stem test programme, after which Global would fund 25% of continuing well costs. In May 2009, Neptune drilled Iti-1 and advised that the well, which was drilled to a total depth of 592 meters, did not encounter any producible reservoir sands at the Iti-1 location. Minor hydrocarbon shows were monitored during drilling but evidence of limited quantities of oil in the lowermost target horizon remained ambiguous in the subsequent down-hole well logs and pressure test data. The apparent lack of reservoir at this location did not justify further testing or the immediate move to drill a second well. The Consolidated Entity realised a write down in exploration expenditure of A\$9,397,989 during the financial year in relation to the EA5 Project.

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

A re-evaluation of the well data, combined with all other available technical data, has now been completed.

Global is reviewing the results of this work before electing to participate in a second well.

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## **DIRECTORS' REPORT**

30 June 2009

(Continued)

### **Kenya**

Notice has been given to Woodside Energy (Kenya) Pty Limited ("Woodside") terminating the Farm-In Agreement ("FIA"). The termination notice has been given based on Woodside's refusal to drill a second exploratory well in the project area in accordance with the FIA and its failure to take any steps to remedy this refusal, which the Company considers to be a repudiation and breach of the FIA.

The Company and joint venture partner Dana Petroleum (E&P) Limited are continuing legal proceedings to recover losses suffered as a result. The proceedings have progressed to the pre-trial disclosure stage. The Company anticipates a hearing in the English High Court of Justice in 2010.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

- The Consolidated Entity sold its remaining parcel of Falkland Oil and Gas Limited shares during the year and realised a profit on sale of \$2,087,167.

### **SIGNIFICANT POST BALANCE DATE EVENTS**

As at the date of this report there are no matters or circumstances, which have arisen since 30 June 2009 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2009 of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2009 of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2009 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:

Directors	Interest in Securities at the Date of this Report	
	Ordinary Shares <sup>(1)</sup>	Options
Mr M Savage	-	-
Mr P Blakey	27,381,265	-
Mr P Taylor	28,429,392	-
Mr I Middlemas	1,430,000	-
Mr S Cranswick	110,000	-

### Notes

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

## SHARE OPTIONS

As at the date of this report, the Company has no shares under option.

200,000 options with an exercise price of \$0.25 expired on 31 December 2008.

Since 30 June 2009, 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 2009, and the number of meetings attended by each Director.

Directors	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Mr M Savage	5	4
Mr P Blakey	5	4
Mr P Taylor	5	2
Mr I Middlemas	5	5
Mr S Cranswick	5	4

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## DIRECTORS' REPORT

30 June 2009

(Continued)

### REMUNERATION REPORT – AUDITED

#### 1. Principles of Compensation

Remuneration is referred to as compensation throughout this report.

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including directors. There are no executives of the Company or the Consolidated Entity. The responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity rests with the Board as a whole.

The board of directors, in the absence of a remuneration committee, obtains independent advice on the appropriateness of compensation packages of the Company and Consolidated Entity, given trends in comparative companies both locally and internationally.

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

In addition to the compensation received, the Consolidated Entity may also contribute to defined contribution superannuation funds.

##### 1.1 Fixed compensation

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

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

##### 1.2 Performance-linked remuneration

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

The Company has in the past granted share options to directors as part of their incentive remuneration. No share options have been granted or exercised during the financial year.

The Company is still in its early stage of development. The incentive options granted in prior years were granted to provide the appropriate incentive to position the Company beyond this development stage to a stage where the Company's portfolio of projects would provide an income stream from its oil and gas assets. The Board, in the absence of a remuneration committee, believes that such incentives are reasonable in the circumstances.

##### 1.3 Short-term incentive

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

##### 1.4 Long-term incentive

The Company has in the past granted options to directors at the time and the grant of the options was considered to be a long term incentive. None of the current directors have been granted options as part of their remuneration.



### *1.5 Consequences of performance on shareholders' wealth*

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. However, a number of Key Management Personnel have in the past received options which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the incentive options granted.

As a result of the Company's exploration activities, the Board anticipates that it will retain future earnings (if any) and other cash resources for the operation and development of its business. Accordingly the Company does not currently have a policy with respect to the payment of dividends, and as a result the remuneration policy does not take into account the level of dividends or other distributions to shareholders (eg return of capital).

### *1.6 Service agreements*

No service agreements have been entered into with the directors.

### *1.7 Non-executive directors*

Total compensation for non-executive directors last voted by shareholders at the 2004 AGM is not to exceed \$200,000 per annum. Messrs Savage, Blakey, Taylor, Cranswick each receive directors' fees of \$45,000 pa. Mr Blakey and Mr Taylor and their related parties hold shares in the Company either as a result of being vendor shares which are outlined in the Company's prospectus dated 31 May 2002 and the supplementary prospectus, from the acquisition of Astral Petroleum Limited, or from a rights issue made by the Company in September 2004. Mr Savage holds no shares or options in the Company. Messrs Middlemas and Cranswick held shares prior to joining the Board and still hold these shares as at the date of this report. Mr Middlemas was paid consulting fees of \$45,000 for the year ended 30 June 2009 (2008: \$47,250).

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

### *1.8 Directors' and executive officers' remuneration*

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

## **2. Equity Based Compensation**

### *2.1 Equity instruments*

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

### *2.2 Options and rights over equity instruments granted as compensation*

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

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

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## **DIRECTORS' REPORT**

30 June 2009

(Continued)

### **REMUNERATION REPORT – AUDITED (Continued)**

#### *2.3 Modification of terms of equity-settled share-based payment transactions*

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

#### *2.4 Exercise of options granted as compensation*

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

#### *2.5 Analysis of options and rights over equity instruments granted as compensation*

Mr Dighton, a director until his resignation on 31 January 2008, was granted 250,000 options on 25 November 2004 which vested on that date. The options have an exercise price of \$0.25 and expired on 31 December 2008. 50,000 of these options were exercised during the year ended 30 June 2006. None of the remaining 200,000 options were exercised or forfeited during the financial year.

#### *2.6 Analysis of movement in options*

There were no options held by directors of the Company during the financial year that were granted, exercised or that lapsed during the financial year.

### 3. Director and Executive Remuneration

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

Director		Short-Term <sup>(1)</sup>			Post Employment	Termination Benefits	Share-based Payments	Other	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
		Salary \$	Non-monetary benefits \$	Directors Fees \$	Super-annuation \$	\$	Options <sup>(2)</sup> \$	Consulting Fees \$	\$	%	%
<i>Non-Executive</i>											
Mr M Savage	2009	-	-	45,000	-	-	-	-	45,000	-	-
	2008	-	-	45,000	-	-	-	-	45,000	-	-
Mr P Blakey	2009	-	-	45,000	-	-	-	-	45,000	-	-
	2008	-	-	45,000	-	-	-	-	45,000	-	-
Mr P Taylor	2009	-	-	45,000	-	-	-	-	45,000	-	-
	2008	-	-	45,000	-	-	-	-	45,000	-	-
Mr I Middlemas	2009	-	-	-	-	-	-	45,000	45,000	-	-
	2008	-	-	-	-	-	-	47,250	47,250	-	-
Mr S Cranswick <sup>(5) (6)</sup>	2009	-	-	45,000	-	-	-	-	45,000	-	-
	2008	-	-	3,091	278	-	-	-	3,369	-	-
Mr P Dighton <sup>(4)</sup>	2009	-	-	-	-	-	-	-	-	-	-
	2008	-	-	26,250	2,363	-	-	-	28,613	-	-
<b>Total all directors</b>	<b>2009</b>	-	-	<b>180,000</b>	-	-	-	<b>45,000</b>	<b>225,000</b>	-	-
	<b>2008</b>	-	-	<b>164,341</b>	<b>2,641</b>	-	-	<b>47,250</b>	<b>214,232</b>	-	-
<b>Total compensation</b>	<b>2009</b>	-	-	<b>180,000</b>	-	-	-	<b>45,000</b>	<b>225,000</b>	-	-
	<b>2008</b>	-	-	<b>164,341</b>	<b>2,641</b>	-	-	<b>47,250</b>	<b>214,232</b>	-	-



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## **DIRECTORS' REPORT**

30 June 2009

(Continued)

### **REMUNERATION REPORT – AUDITED (Continued)**

#### **3. Director and Executive Remuneration (Continued)**

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

- (1) There was no short term cash bonus paid during the year.
- (2) No options were granted during the year.
- (3) There were no executives of the Company or Consolidated Entity.
- (4) Mr P Dighton resigned 31 January 2008.
- (5) Mr S Cranswick was appointed on 6 June 2008.
- (6) Mr S Cranswick provides 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 \$16,500 (2008: \$15,000). Mr Cranswick is an employee of Apollo Group Pty Ltd.

### **INSURANCE OF OFFICERS AND AUDITORS**

#### **Indemnification**

To the extent permitted by law the Company indemnifies every person who is, or has been, a director or secretary, and may, by deed, indemnify or agree to indemnify a person who is, or has been, an officer of the Company or a subsidiary of the Company, against:

- a liability incurred by that person, in his or her capacity as such a director, secretary or officer, to another person provided that liability is not an Excluded Liability (as defined by the Company's Constitution); or a liability for legal costs and expenses; and
- legal costs and expenses (other than Excluded Legal Costs, as defined by the Company's Constitution) incurred by that person in defending proceedings for a liability incurred by that person in his or her capacity as such a director, secretary or officer.

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

#### **Insurance Premiums**

Since the end of the previous financial year insurance premiums totalling \$21,663 were paid by the Company to insure directors and 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 12.



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

A handwritten signature in black ink that reads 'Mark Savage'.

**MARK SAVAGE**  
Chairman

Dated this 29<sup>th</sup> day of September 2009



***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 2009 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

Rt SW

Brent Steedman  
*Partner*

Perth

29 September 2009



**INCOME STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Oil and Gas Revenue		224,884	-	-	-
Cost of Sales	2(d)	(282,906)	-	-	-
<b>Gross Loss</b>		<b>(58,022)</b>	-	-	-
Other Income	2(a)	2,087,167	27,108,462	-	-
Administration costs	2(b)	(954,468)	(992,491)	(933,941)	(959,011)
Business development		(4,664)	(125,126)	(4,663)	(125,126)
Exploration and evaluation expenditure written off	7	(9,945,093)	(9,378,112)	(9,563,564)	(547,607)
Impairment provision for inter-company loans		-	-	(420,980)	(672,679)
Impairment write-down of investment in controlled entities	6	-	-	(630)	(8,641,664)
<b>Results from operating activities</b>		<b>(8,875,080)</b>	<b>16,612,733</b>	<b>(10,923,778)</b>	<b>(10,946,087)</b>
Net financial income	2(c)	1,642,379	819,917	229,233	392,764
<b>Profit/(loss) before income tax</b>		<b>(7,232,701)</b>	<b>17,432,650</b>	<b>(10,694,545)</b>	<b>(10,553,323)</b>
Income tax benefit/(expense)	3	1,599,622	(1,599,622)	-	-
<b>Profit/(loss) after tax</b>		<b>(5,633,079)</b>	<b>15,833,028</b>	<b>(10,694,545)</b>	<b>(10,553,323)</b>
<b>Profit/(loss) attributable to members of the parent</b>		<b>(5,633,079)</b>	<b>15,833,028</b>	<b>(10,694,545)</b>	<b>(10,553,323)</b>
Basic earnings/(loss) per share from continuing operations (cents per share)	18	(3.23)	9.08		
Diluted earnings/(loss) per share from continuing operations (cents per share)	18	(3.23)	9.08		

The accompanying notes form part of the Income Statements.

**BALANCE SHEETS**  
AS AT 30 JUNE 2009

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Current assets</b>					
Cash and cash equivalents	20(b)	26,151,515	34,454,208	2,396,752	5,365,560
Trade and other receivables	4	84,497	38,900	16,092	38,900
Other assets	5	600	600	600	600
<b>Total current assets</b>		<b>26,236,612</b>	<b>34,493,708</b>	<b>2,413,444</b>	<b>5,405,060</b>
<b>Non-current assets</b>					
Trade and other receivables	4	-	-	1,592,118	326,198
Investments	6	-	4,618,239	925,624	925,624
Exploration and evaluation expenditure	7	-	-	-	-
Oil and gas assets	8	1,238,654	-	-	-
<b>Total non-current assets</b>		<b>1,238,654</b>	<b>4,618,239</b>	<b>2,517,742</b>	<b>1,251,822</b>
<b>TOTAL ASSETS</b>		<b>27,475,266</b>	<b>39,111,947</b>	<b>4,931,186</b>	<b>6,656,882</b>
<b>Current liabilities</b>					
Trade and other payables	9	381,749	213,378	237,896	112,573
Current tax payable	3(a)	-	1,654,255	-	-
<b>Total current liabilities</b>		<b>381,749</b>	<b>1,867,633</b>	<b>237,896</b>	<b>112,573</b>
<b>Non-current liabilities</b>					
Trade and other payables	9	-	-	8,904,786	61,260
Provisions	10	8,503	-	-	-
Deferred tax liabilities	3(c)	-	1,260,497	-	-
<b>Total non-current liabilities</b>		<b>8,503</b>	<b>1,260,497</b>	<b>8,904,786</b>	<b>61,260</b>
<b>TOTAL LIABILITIES</b>		<b>390,252</b>	<b>3,128,130</b>	<b>9,142,682</b>	<b>173,833</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>27,085,014</b>	<b>35,983,817</b>	<b>(4,211,496)</b>	<b>6,483,049</b>
<b>Equity</b>					
Issued capital	11	35,590,053	35,590,053	35,590,053	35,590,053
Reserves	12	(153,590)	3,112,134	-	-
Accumulated losses		(8,351,449)	(2,718,370)	(39,801,549)	(29,107,004)
<b>TOTAL EQUITY/(DEFICIT)</b>		<b>27,085,014</b>	<b>35,983,817</b>	<b>(4,211,496)</b>	<b>6,483,049</b>

The accompanying notes form part of the Balance Sheets.



**CASH FLOW STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Cash flows from operating activities</b>					
Cash paid to suppliers and employees		(963,910)	(1,186,073)	(809,468)	(1,138,812)
Interest received		1,617,166	820,621	204,020	393,468
Oil and gas revenue received		116,765	-	-	-
<b>Net cash used in operating activities</b>	20(a)	<b>770,021</b>	<b>(365,452)</b>	<b>(605,448)</b>	<b>(745,344)</b>
<b>Cash flows from investing activities</b>					
Acquisition of investments		-	-	(630)	-
Payments for exploration expenditure		(11,389,363)	(160,706)	(9,591,521)	(159,512)
Proceeds from sale of investments		2,324,319	28,656,891	-	-
Repayment of loans from controlled entities		-	-	326,198	-
Advances from/(to) controlled entities		-	-	6,902,593	(48,271)
<b>Net cash from/(used in) investing activities</b>		<b>(9,065,044)</b>	<b>28,496,185</b>	<b>(2,363,360)</b>	<b>(207,783)</b>
Net increase/(decrease) in cash and cash equivalents		(8,295,023)	28,130,733	(2,968,808)	(953,127)
Cash and cash equivalents at 1 July		34,454,208	6,324,089	5,365,560	6,318,687
Effects of exchange rate changes on cash and cash equivalents		(7,670)	(614)	-	-
<b>Cash and cash equivalents at 30 June</b>	20(b)	<b>26,151,515</b>	<b>34,454,208</b>	<b>2,396,752</b>	<b>5,365,560</b>

The accompanying notes form part of the Cash Flow Statements.

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2009

	Share Capital \$	Fair Value Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Consolidated 2009</b>					
Balance at 1 July 2008	35,590,053	3,089,566	22,568	(2,718,370)	35,983,817
Foreign exchange translation differences	-	-	(176,158)	-	(176,158)
Change in fair value – available-for-sale investments taken to profit and loss on disposal	-	(4,404,696)	-	-	(4,404,696)
Deferred tax liability in respect of available-for-sale investments	-	1,315,130	-	-	1,315,130
Total non-profit items recognised directly in equity	-	(3,089,566)	(176,158)	-	(3,265,724)
Profit/(loss) for the period	-	-	-	(5,633,079)	(5,633,079)
Total recognised expense for the period	-	(3,089,566)	(176,158)	(5,633,079)	(8,898,803)
<b>Balance at 30 June 2009</b>	<b>35,590,053</b>	<b>-</b>	<b>(153,590)</b>	<b>(8,351,449)</b>	<b>27,085,014</b>
<b>Consolidated 2008</b>					
Balance at 1 July 2007	35,590,053	22,513,778	52,759	(18,551,398)	39,605,192
Foreign exchange translation differences	-	-	(30,191)	-	(30,191)
Change in fair value – available-for-sale investments taken to profit and loss on disposal	-	(19,496,789)	-	-	(19,496,789)
Change in fair value – available-for-sale investments	-	1,387,707	-	-	1,387,707
Deferred tax liability in respect of available-for-sale investments	-	(1,315,130)	-	-	(1,315,130)
Total non-profit items recognised directly in equity	-	(19,424,212)	(30,191)	-	(19,454,403)
Profit for the period	-	-	-	15,833,028	15,833,028
Total recognised income and (expense) for the period	-	(19,424,212)	(30,191)	15,833,028	(3,621,375)
<b>Balance at 30 June 2008</b>	<b>35,590,053</b>	<b>3,089,566</b>	<b>22,568</b>	<b>(2,718,370)</b>	<b>35,983,817</b>

Amounts are stated net of tax

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



	Share Capital \$	Accumulated Losses \$	Total Equity/ (Deficit) \$
<b>Company 2009</b>			
Balance at 1 July 2008	35,590,053	(29,107,004)	6,483,049
Loss for the period	-	(10,694,545)	(10,694,545)
Total recognised income and expense for the period	-	(10,694,545)	(10,694,545)
<b>Balance at 30 June 2009</b>	<b>35,590,053</b>	<b>(39,801,549)</b>	<b>(4,211,496)</b>
<b>Company 2008</b>			
Balance at 1 July 2007	35,590,053	(18,553,681)	17,036,372
Loss for the period	-	(10,553,323)	(10,553,323)
Total recognised income and expense for the period	-	(10,553,323)	(10,553,323)
<b>Balance at 30 June 2008</b>	<b>35,590,053</b>	<b>(29,107,004)</b>	<b>6,483,049</b>

Amounts are stated net of tax

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

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Global Petroleum Limited and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2009 are stated to assist in a general understanding of the financial report.

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

The financial report of the Company for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 29 September 2009.

#### (a) Basis of Preparation

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

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

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

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

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

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

The financial report is presented in Australian dollars.

#### *Functional and presentation currency*

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

#### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include A-IFRS. The financial report also complies with International Financial Reporting Standards (IFRS).

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2009 and are outlined in the table below:



Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. The amendments may however have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards.	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 101 (revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassification of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group may have share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 July 2009
AASB 127 (revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not expect to change its ownership interests in its subsidiaries.	1 July 2009

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**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 3 (revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	These amendments are not expected to have any impact on the Group's financial report as the Group is not expecting to account for new business combinations with non-controlling interests.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (revised) and AASB 127 (revised) above.	1 July 2009
Amendments to International Financial Reporting Standards	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company accounts). The distinction between pre- and post- acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not receive dividends from subsidiaries, jointly controlled entities or associates.	1 July 2009



Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The Interpretation is not expected to have any impact on the Group's financial report as the Group does not currently enter into hedging arrangements.	1 July 2009

### (c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Global Petroleum Limited ("Company" or "Parent Entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Global Petroleum Limited and its subsidiaries together are referred to as the Group or the Consolidated Entity.

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

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

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

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

#### *Joint venture operations*

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Exploration and Evaluation Expenditure**

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

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

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

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

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.

The recoverable amount is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where a decision is made to proceed with development, accumulated exploration expenditure is tested for impairment and transferred to oil and gas assets, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Amortisation of capitalised costs is not charged on revenues earned from production testing.

An impairment loss is recognised if the carrying amount of capitalised costs exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

**(e) Other Income**

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



**(f) Income Tax**

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

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.

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

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

*Tax consolidation*

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

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

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Impairment of Assets**

*(i) Financial assets*

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

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

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

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

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

*(ii) 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 profit or loss if the carrying amount of an asset exceeds its recoverable amount.

**(h) Cash and Cash Equivalents**

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

**(i) 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.



## **(j) Investments and Other Financial Assets**

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

### *(i) Loans and receivables*

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

### *(ii) Available-for-sale financial assets*

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

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

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

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

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

## **(k) Fair Value Estimation**

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

## **(l) 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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (m) 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.

#### (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.

#### (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:

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

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

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

#### (r) Revenue

##### (i) 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) 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.

#### **(t) 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.

#### **(u) Foreign Currencies**

##### *(i) 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 income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

##### *(ii) Group companies*

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>2. PROFIT/(LOSS) FROM OPERATIONS</b>				
<b>(a) Other Income</b>				
Gain on disposal of available-for-sale investments	<b>2,087,167</b>	<b>27,108,462</b>	-	-
<b>(b) Profit/(Loss) Before Tax</b>				
<i>Profit/(loss) before income tax has been arrived at after charging the following expenses attributable to continuing operations:</i>				
Salaries and employee benefits expense	180,000	166,982	180,000	166,982
Consulting and professional fees	80,875	98,159	67,903	75,592
Shareholder costs	217,934	229,994	217,934	229,994
Administrative and other expenses	475,659	497,356	468,104	486,443
	<b>954,468</b>	<b>992,491</b>	<b>933,941</b>	<b>959,011</b>
<b>(c) Financial Income/(Expenses)</b>				
Interest income	1,617,166	820,621	204,020	393,468
Net foreign exchange gain/(loss)	25,213	(704)	25,213	(704)
	<b>1,642,379</b>	<b>819,917</b>	<b>229,233</b>	<b>392,764</b>
<b>(d) Cost of sales</b>				
Cost of oil and gas sold	39,716	-	-	-
Amortisation of oil and gas assets	243,190	-	-	-
	<b>282,906</b>	-	-	-



	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>3. INCOME TAX</b>				
<b>(a) Recognised in the Income Statement</b>				
<b>Current tax expense/(benefit)</b>				
Current year	516,321	1,654,255	(236,724)	(213,029)
Adjustments for prior years	(1,654,255)	-	-	-
	<b>(1,137,934)</b>	<b>1,654,255</b>	<b>(236,724)</b>	<b>(213,029)</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	-	(54,633)	-	(995,300)
Recognition of previously unrecognised tax losses	(461,688)	-	-	-
Tax benefits not brought to account	-	-	236,724	1,208,329
	<b>(1,599,622)</b>	<b>(54,633)</b>	<b>236,724</b>	<b>213,029</b>
<b>Total income tax expense in the income statement</b>	<b>(1,599,622)</b>	<b>1,599,622</b>	<b>-</b>	<b>-</b>
<b>(b) Reconciliation Between Profit/(Loss) Before Tax and Tax Expense</b>				
<b>Profit/(loss) before tax expense</b>	(7,232,701)	17,432,650	(10,694,545)	(10,553,323)
Prima facie tax expense/(benefit) at 30% (2008: 30%)	(2,169,810)	5,229,795	(3,208,364)	(3,165,997)
<i>Increase/(decrease) in income tax expense due to:</i>				
Exploration and evaluation expenditure written off	3,028,484	-	2,876,219	87,496
Write-down of investment	-	-	189	2,592,499
Amortisation of oil and gas assets	72,957	-	-	-
Provision for intercompany loans	-	-	126,294	-
Gain on disposal of investments not assessable for income tax purposes	(383,414)	(5,079,826)	-	-
Other items	2,054	78,915	(31,062)	-
Over provision in prior years	(1,654,255)	-	-	-
Temporary differences not previously brought to account	-	1,370,738	-	1,870,172
Tax benefit not brought to account	(495,638)	-	236,724	1,208,328
<b>Income tax expense on pre-tax net (profit)/loss</b>	<b>(1,599,622)</b>	<b>1,599,622</b>	<b>-</b>	<b>-</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>(c) Deferred Income Tax</b>				
Deferred income tax at 30 June 2009 relates to the following:				
<i>Deferred tax liabilities</i>				
Exploration and evaluation assets	55,550	-	-	-
Available-for-sale investments	-	1,315,130	-	-
Deferred tax assets used to offset deferred tax liabilities	(55,550)	(54,633)	-	-
	-	<b>1,260,497</b>	-	-
<i>Deferred tax assets</i>				
Share issue costs	-	33,033	-	33,033
Other financial assets	-	-	126,483	-
Accrued expenses	21,600	21,600	21,600	21,600
Deferred tax assets used to offset deferred tax liabilities	(55,550)	(54,633)	-	-
Recognised tax losses	33,950	-	-	-
Tax benefit not brought to account	-	-	(148,083)	(54,633)
	-	-	-	-
<b>(d) Tax losses not brought to account</b>				
<i>Australia</i>				
Unused tax losses for which no deferred tax asset has been recognised	3,095,104	4,634,060	3,095,104	4,634,060
Potential tax benefit @30%	928,531	1,390,218	928,531	1,390,218
<i>United Kingdom</i>				
Unused tax losses for which no deferred tax asset has been recognised	596,562	586,566	-	-
Potential tax benefit @28%	167,037	164,238	-	-

The adjustment in respect of income tax of previous years was in relation to the treatment of the sale of Falkland Oil and Gas shares during the financial year ended 30 June 2008. Documentation provided to the Company following the lodgement of the 2008 Financial Report allowed the Company to adjust its income tax calculations and reduce the tax liability on the sale of the shares.



	Notes	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>4. TRADE AND OTHER RECEIVABLES</b>					
<b>Current</b>					
Oil and gas revenue receivable		68,405	-	-	-
Other debtors		16,092	38,900	16,092	38,900
		<b>84,497</b>	<b>38,900</b>	<b>16,092</b>	<b>38,900</b>
<b>Non-Current</b>					
Amounts receivable from controlled entities – unsecured		-	-	2,685,778	1,380,712
Less impairment provision	21(b)	-	-	(1,093,659)	(1,054,514)
	14(b)	-	-	<b>1,592,119</b>	<b>326,198</b>
<b>5. OTHER ASSETS</b>					
Deposits		<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>
<b>6. INVESTMENTS</b>					
Listed equity securities available-for-sale					
– at fair value		-	4,618,239	-	-
Investments in controlled entities					
– at recoverable amount		-	-	925,624	925,624
		-	<b>4,618,239</b>	<b>925,624</b>	<b>925,624</b>

Investments in listed equity securities available-for-sale were previously recognised at fair value (current market value) and represent an investment in Falkland Oil and Gas Limited ("FOGL"). The balance of FOGL shares were sold during the year ended 30 June 2009.

The Company recognised an impairment loss amounting to \$630 in respect of investments in controlled entities at recoverable amount during the current financial year. In 2008 the Company recognised an impairment loss amounting to \$8,641,664 in respect of investments in controlled entities at recoverable amount owing to the impairment or disposal of exploration and evaluation assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

	Notes	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>7. EXPLORATION AND EVALUATION EXPENDITURE</b>					
<b>Cost</b>					
Carrying amount at beginning of year		-	9,247,206	-	388,095
Expenditure incurred		11,520,945	171,093	9,563,564	159,512
Exchange differences		(94,008)	(40,187)	-	-
Expenditure written off		(9,945,093)	(9,378,112)	(9,563,564)	(547,607)
Transferred to Oil and Gas Assets		(1,481,844)	-	-	-
<b>Carrying amount at end of year</b>		-	-	-	-

Expenditure written-off during the 2009 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.

<b>8. OIL AND GAS ASSETS</b>					
Carrying amount at beginning of year		-	-	-	-
Transferred from Exploration and Evaluation Expenditure		1,481,844	-	-	-
Amortisation		(243,190)	-	-	-
<b>Carrying amount at end of year</b>		<b>1,238,654</b>	-	-	-

<b>9. TRADE AND OTHER PAYABLES</b>					
<b>Current</b>					
Trade payables		309,749	40,573	165,896	40,573
Other payables and accrued expenses		72,000	172,805	72,000	72,000
		<b>381,749</b>	<b>213,378</b>	<b>237,896</b>	<b>112,573</b>
<b>Non-Current</b>					
Amounts payable to controlled entity – unsecured	14(b)	-	-	8,904,786	61,260
		-	-	<b>8,904,786</b>	<b>61,260</b>

**Terms & Conditions**

The loans between related parties were undertaken on commercial terms and conditions, except that:

- there was no fixed repayment of loans between the related parties; and
- no interest was payable on the loans.
- the parent Company owns 100% of the equity of the controlled entity and will not call on the loan outstanding in the next 12 months.



	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>10. PROVISIONS</b>				
Restoration provision	8,503	-	-	-
Balance at 1 July 2008	-	-	-	-
Provisions made during the year	8,503	-	-	-
	8,503	-	-	-

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

#### 11. ISSUED CAPITAL

##### (a) Issued and Paid Up Capital

174,444,787 (2008: 174,444,787 ) fully paid ordinary shares

35,590,053 35,590,053 35,590,053 35,590,053

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

Date	Details	Number of Ordinary Shares	\$
1 July 2007	Opening balance	174,444,787	35,590,053
30 June 2008	Closing balance	174,444,787	35,590,053
30 June 2009	Closing balance	174,444,787	35,590,053

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

##### (c) Terms and Conditions of Ordinary Shares

###### (i) General

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

(ii) *Voting*

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

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

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>12. RESERVES</b>				
<b>(a) Balances</b>				
<i>Investments available-for-sale-reserve</i>				
Shares – listed	-	4,404,696	-	-
Deferred tax liability in respect of unrealised gain	-	(1,315,130)	-	-
	-	3,089,566	-	-
<i>Foreign currency translation reserve</i>	(153,590)	22,568	-	-
<b>Total Reserves</b>	<b>(153,590)</b>	<b>3,112,134</b>	-	-

**(b) Nature and purpose of reserves**

(i) *Investments available-for-sale reserve*

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

(ii) *Foreign currency translation reserve*

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

**(c) Dividends**

No dividends have been declared, provided for or paid in respect of the years ended 30 June 2009 or 2008. With respect to the payment of dividends by Global Petroleum in subsequent reporting periods (if any), no franking credits are currently available, or are likely to become available in the next 12 months.



### 13. SHARE BASED PAYMENTS

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

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

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

#### Consolidated and Company – For the Year ended 30 June 2009

Grant Date	Expiry Date	Exercise Price	Balance at 1 July	Granted During the Year	Exercised During the Year	Expired During the Year	Balance at 30 June 2009	Exercisable at 30 June 2009
			Number	Number	Number	Number	Number	Number
25 Nov 2004	31 Dec 2008	\$0.25	200,000	-	-	(200,000)	-	-
			200,000	-	-	(200,000)	-	-

#### Consolidated and Company – For the Year ended 30 June 2008

Grant Date	Expiry Date	Exercise Price	Balance at 1 July	Granted During the Year	Exercised During the Year	Expired During the Year	Balance at 30 June 2008	Exercisable at 30 June 2008
			Number	Number	Number	Number	Number	Number
25 Nov 2004	30 Jun 2008	\$0.25	10,000,000	-	-	(10,000,000)	-	-
25 Nov 2004	31 Dec 2008	\$0.25	200,000	-	-	-	200,000	200,000
			10,200,000	-	-	(10,000,000)	200,000	200,000
Weighted average exercise price			\$0.25			\$0.25	\$0.25	\$0.25

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

No share options were granted during the year ended 30 June 2009 (2008 – nil).

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**14. RELATED PARTIES**

**(a) Key Management Personnel**

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

Mr Mark Savage  
Mr Peter Blakey  
Mr Peter Taylor  
Mr Ian Middlemas  
Mr Shane Cranswick

*(i) Director and Executive remuneration*

<b>Company and Consolidated</b>	<b>2009 \$</b>	<b>2008 \$</b>
Short-term employee benefits	180,000	164,341
Post-employment benefits	-	2,641
Other – Consulting fees	45,000	47,250
<b>Total compensation</b>	<b>225,000</b>	<b>214,232</b>

Key management personnel disclosures previously required by AASB 124 Related Party Disclosures paragraphs Aus25.2 to Aus25.6 and Aus25.7.1 and Aus25.7.2 are included the Remuneration Report section of the Directors' Report.

*(ii) Loans to key management personnel and their related parties*

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

*(iii) 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 \$175,197 (2008: \$204,505) 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.

There were no liabilities arising from the above transactions at 30 June 2009 (2008: \$nil).



(iv) *Options and rights over equity instruments*

No options were held by key management personnel related parties during the year ended 30 June 2009.

The movement during the year ended 30 June 2008 in the number of options over ordinary shares in Global Petroleum Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Directors	Held at 1 July 2007	Granted as Compensation	Exercised	Expired	Held at 30 June 2008	Vested and Exercisable at 30 June 2008
Mr P Dighton	200,000	-	-	-	200,000 <sup>(1)</sup>	200,000 <sup>(1)</sup>

**Notes**

- (1) The balance shown as the closing balance for Mr P Dighton is his balance as at his date of resignation of 31 January 2008.

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

(v) *Movements in shares*

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

Year ended 30 June 2009	Opening Balance	Acquisitions	Received on Exercise of Options	Disposals	Closing Balance
<b>Directors</b>					
Mr M Savage	-	-	-	-	-
Mr P Blakey	27,424,318	381,947	-	(425,000)	27,381,265
Mr P Taylor	27,424,318	1,430,074	-	(425,000)	28,429,392
Mr I Middlemas	1,430,000	-	-	-	1,430,000
Mr S Cranswick	110,000	-	-	-	110,000

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**14. RELATED PARTIES (Continued)**

**(a) Key Management Personnel (Continued)**

*(v) Movements in shares (Continued)*

<b>Year ended 30 June 2008</b>	<b>Opening Balance</b>	<b>Acquisitions</b>	<b>Received on Exercise of Options</b>	<b>Disposals</b>	<b>Closing Balance</b>
<b>Directors</b>					
Mr M Savage	-	-	-	-	-
Mr P Blakey	27,424,318	-	-	-	27,424,318
Mr P Taylor	27,424,318	-	-	-	27,424,318
Mr I Middlemas	1,430,000	-	-	-	1,430,000
Mr S Cranswick <sup>(1)</sup>	110,000	-	-	-	110,000
<b>Former Directors</b>					
Mr P Dighton	-	-	-	-	-

**Notes**

- (1) The balance shown as the opening balance for Mr Cranswick is his balance at his date of appointment as a director – 6 June 2008.

No shares were granted to key management personnel during the reporting period as compensation in 2009 or 2008.

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

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

**(b) Non-Key Management Personnel Disclosure**

- (i) Identity of related parties*

The Consolidated Entity has a related party relationship with its subsidiaries (see Note 15), joint ventures (see Note 16) and with its key management personnel (see disclosures for key management personnel on preceding pages).



## Subsidiaries

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Provision for inter-company loans		-	-	420,980	672,679
Loan repayments received from controlled entities		-	-	326,198	-
Recharge amounts		-	-	-	48,271
Net amounts receivable from, and payable to, controlled entities at balance date were as follows:					
Amounts receivable from controlled entities	4	-	-	1,592,119	326,198
Amounts payable to controlled entity	9	-	-	8,904,786	61,260

Amounts receivable from the controlled entities are non-interest bearing and are repayable on demand. The amount payable to the controlled entities will not be called within the next 12 months.

An amount of \$420,980 was provided for during the year (2008: \$672,679).

## 15. CONSOLIDATED ENTITIES

	Country of Incorporation	Ownership Interest	
		2009 %	2008 %
<b>Parent entity</b>			
Global Petroleum Limited	Australia		
<b>Subsidiaries</b>			
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
Astral Petroleum Resources (Ireland) Limited *	British Virgin Islands	100	100

\* No separate audit opinion issued as not required in place of incorporation. The results and state of affairs of the entity has been reviewed in forming the audit opinion on the financial report of the Consolidated Entity.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**16. INTERESTS IN JOINT VENTURE OPERATIONS**

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

Included in the assets and liabilities of the Consolidated Entity are the following assets and liabilities (none in the Company):

	Consolidated	
	2009 \$	2008 \$
<b>Current assets</b>		
Cash and cash equivalents	103,683	4,481
Trade and other receivables	68,403	-
<b>Total current assets</b>	<b>172,086</b>	<b>4,481</b>
<b>Non-current assets</b>		
Oil and gas assets	1,238,654	-
<b>Total non-current assets</b>	<b>1,238,654</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,410,740</b>	<b>4,481</b>
<b>Current liabilities</b>		
Trade and other payables	143,853	100,804
<b>Total current liabilities</b>	<b>143,853</b>	<b>100,804</b>
<b>Non-current liabilities</b>		
Provisions	8,503	-
<b>Total non-current liabilities</b>	<b>8,503</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>152,356</b>	<b>100,804</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>1,258,384</b>	<b>(96,323)</b>

	Joint Venture % Interest Held			
	Consolidated		Company	
	2009 %	2008 %	2009 %	2008 %
Leighton Project	15	-	-	-
Kenya	20	20	-	-
Malta - dormant	80	80	-	-
Iraq (TM Services / Global) - dormant	50	50	50	50



## Kenya

Notice has been given to Woodside Energy (Kenya) Pty Limited (“Woodside”) terminating the Farm-In Agreement (“FIA”). The termination notice has been given based on Woodside’s refusal to drill a second exploratory well in the project area in accordance with the FIA and its failure to take any steps to remedy this refusal, which the Company considers to be a repudiation and breach of the FIA.

The Company and joint venture partner Dana Petroleum (E&P) Limited are continuing legal proceedings to recover losses suffered as a result. The proceedings have progressed to the pre-trial disclosure stage. The Company anticipates a hearing in the English High Court of Justice in 2010.

## Leighton Project

On 15 August 2008, the Company announced it was farming in to the Leighton oil prospect owned by Texon Petroleum Limited (ASX: TXN). The Company earned a 15% Working Interest (“WI”) in the first well by funding 30% of the cost of drilling the well in addition to reimbursing Texon US\$180,000 in respect of prospect generation and lease costs for the well.

When the first well on Leighton has been drilled, Global opted to participate in the drilling of a second well under the same terms to earn a 15% WI in the Leighton leases. All subsequent wells drilled on Leighton are at each company’s earned working interest.

Global has now commenced receiving revenue from the production of both Peeler #1 and Tyler Ranch #1.

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

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>17. REMUNERATION OF AUDITORS</b>				
<b>Audit services:</b>				
Auditors of the Company, KPMG Australia – audit and review of financial reports	43,750	39,500	43,750	39,500
Other auditors – audit and review of financial reports	-	9,604	-	-
	<b>43,750</b>	<b>45,504</b>	<b>43,750</b>	<b>39,500</b>
<b>Other services:</b>				
Auditors of the Company, KPMG Australia	-	-	-	-
Other auditors	5,480	8,860	-	-
	<b>5,480</b>	<b>8,860</b>	-	-
	<b>49,230</b>	<b>54,364</b>	<b>43,750</b>	<b>39,500</b>

KPMG are the auditors of the Consolidated Entity and the Company for the year ended 30 June 2009. In addition, other auditors performed audit services for certain controlled entities.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

	<b>Consolidated</b> <b>2009</b> <b>Cents per Share</b>	<b>Consolidated</b> <b>2008</b> <b>Cents per Share</b>
<b>18. EARNINGS PER SHARE</b>		
Basic profit/(loss) per share	(3.23)	9.08
Diluted profit/(loss) per share	(3.23)	9.08

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

	<b>Consolidated</b>	
	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
Net profit/(loss) used in calculating basic and diluted earnings per share	<b>(5,633,079)</b>	<b>15,833,028</b>

	<b>Number of</b> <b>Shares</b> <b>2009</b>	<b>Number of</b> <b>Shares</b> <b>2008</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	174,444,787	174,444,787
Effect of dilutive securities	-	-
<b>Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share</b>	<b>174,444,787</b>	<b>174,444,787</b>

**(a) Non-dilutive securities**

No options were outstanding as at 30 June 2009 hence there is no dilutive effect.

**(b) Conversions, Calls, Subscriptions or Issues after 30 June 2008**

Since 30 June 2009, no shares have been issued and no incentive options have been granted. No shares have been issued as a result of the exercise of options since 30 June 2009.



## 19. SEGMENT INFORMATION

Segment information is presented in respect of the Consolidated Entity's geographical segments. The primary format, geographical segments, is based on the Consolidated Entity's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

### (a) Geographical Segments

The Consolidated Entity's geographical segments are as follows:

2009	Australia \$	Europe \$	Africa \$	Falkland Islands \$	USA \$	Elimi- nations \$	Consoli- dated \$
<b>Segment revenue</b>							
External revenue	-	-	-	-	224,884	-	224,884
<b>Total revenue</b>	-	-	-	-	<b>224,884</b>	-	<b>224,884</b>
<b>Result</b>							
Segment result	702,656	53,066	(10,085,644)	2,087,167	(58,042)	68,096	(7,232,701)
Income tax expense							1,599,622
<b>Profit for the period</b>							<b>(5,633,079)</b>
Exploration and evaluation expenditure written off	-	-	9,945,093	-	-	-	9,945,093
<b>Assets</b>							
Segment assets	26,334,526	-	-	-	1,410,740	-	27,475,266
<b>Liabilities</b>							
Segment liabilities	237,896	2,770	141,083	-	8,503	-	390,252
Acquisitions of non-current assets, including capitalised exploration and evaluation expenditure	-	-	10,039,101	-	1,481,844	-	11,520,945

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**19. SEGMENT INFORMATION (Continued)**

**(a) Geographical Segments (Continued)**

<b>2008</b>	<b>Australia \$</b>	<b>Europe \$</b>	<b>Africa \$</b>	<b>Falkland Islands \$</b>	<b>USA \$</b>	<b>Elimi- nations \$</b>	<b>Consoli- dated \$</b>
<b>Segment revenue</b>							
External revenue	-	-	-	-	-	-	-
<b>Total revenue</b>	-	-	-	-	-	-	-
<b>Result</b>							
Segment result	(258,406)	(1,084,315)	(8,333,091)	27,108,462	-	-	17,432,650
Income tax expense							(1,599,622)
<b>Profit for the period</b>							<b>15,833,028</b>
Exploration and evaluation expenditure written off	-	1,071,877	8,306,235	-	-	-	9,378,112
<b>Assets</b>							
Segment assets	35,549,364	4,481	-	4,618,239	-	(1,060,137)	39,111,947
<b>Liabilities</b>							
Segment liabilities	3,088,585	572,080	201,404	326,198	-	(1,060,137)	3,128,130
Acquisitions of non-current assets, including capitalised exploration and evaluation expenditure	-	15,547	155,546	-	-	-	171,093

**(b) Business Segments**

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



	Notes	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>20. NOTES TO THE CASH FLOW STATEMENT</b>					
<b>(a) Reconciliation of Profit/(Loss) for the Year to Cash Flows Used in Operating Activities</b>					
Profit/(loss) for the year		(5,633,079)	15,833,028	(10,694,545)	(10,553,323)
Adjustments for items classified as investing/financing activities:					
(Gain)/loss on disposal of investments		(2,087,167)	(27,108,462)	-	-
Exploration and evaluation expenditure written off		9,945,093	9,378,112	9,563,564	547,607
Adjustments for non-cash items:					
Income tax expense adjustment		(1,599,622)	-	-	-
Reversal of prior year equity accounting adjustments		(23,609)	-	-	-
Write-down of investment in controlled entity		-	-	630	8,641,664
Write-down of amounts receivable from controlled entities		-	-	420,980	672,679
Amortisation	8	243,190	-	-	-
Unrealised net foreign exchange (gain)/loss		(74,482)	10,609	-	-
Changes in operating assets and liabilities, net of effects of purchase of controlled entities during the financial year:					
Decrease/(increase) in receivables		(45,595)	(30,672)	22,808	(30,672)
(Decrease)/increase in payables		45,292	1,606,566	81,115	(23,299)
(Decrease)/increase in deferred tax balances		-	(54,633)	-	-
<b>Net cash from/(used in) operating activities</b>		<b>770,021</b>	<b>(365,452)</b>	<b>(605,448)</b>	<b>(745,344)</b>
<b>(b) Reconciliation of Cash Assets</b>					
Cash at bank and on hand		905,913	431,029	433,321	289,137
Bank short term deposits		25,245,602	34,023,179	1,963,431	5,076,423
		<b>26,151,515</b>	<b>34,454,208</b>	<b>2,396,752</b>	<b>5,365,560</b>

**(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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**(a) Overview**

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

This note presents information about the Company's and 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 Company, 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 Company'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 Company. 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 Company has not implemented any additional strategies to mitigate the financial risks and no hedging has been put in place. As the Company'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 Company or 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 Company or the Group. The carrying amount of the Company's and Group's financial assets represents the maximum credit risk exposure, as represented below:

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Cash and cash equivalents	26,151,515	34,454,208	2,396,752	5,365,560
Trade and other receivables	84,497	38,900	16,092	38,900
Deposits	600	600	600	600
Receivables from controlled entities	-	-	1,592,119	326,198
	<b>26,236,612</b>	<b>34,493,708</b>	<b>4,005,563</b>	<b>5,731,258</b>

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.



Trade and other receivables comprise 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 2009, none (2008: none) of the Group's receivables are past due. No impairment losses have been recognised in the Group accounts.

The Company's accounts include receivables from controlled entities for which some provision for non-recovery has been made. Provision is made against loans to entities where the underlying exploration assets have been fully provided for or written off. The provision is reconciled below:

	Company	
	2009 \$	2008 \$
Receivables from controlled entities impairment provision:		
Opening balance	672,679	381,835
Provision for non-recovery of receivables from controlled entities	420,980	672,679
<b>Closing balance (Note 4)</b>	<b>1,093,659</b>	<b>1,054,514</b>

With respect to credit risk arising from cash and cash equivalents, the Company's and 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 2008 and 2009, 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 \$
<b>2009 – Group</b>					
<b>Financial Liabilities</b>					
Trade and other payables	381,749	-	-	-	381,749
Provisions	-	-	-	8,503	8,503
	<b>381,749</b>	-	-	-	<b>390,252</b>
<b>2009 – Company</b>					
<b>Financial Liabilities</b>					
Trade and other payables	237,896	-	-	-	237,896
Amount payable to controlled entity	-	-	-	8,904,786	8,904,786
	<b>237,896</b>	-	-	<b>8,904,786</b>	<b>9,142,682</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

**(c) Liquidity Risk (Continued)**

<b>2008 – Group</b>	<b>≤6 months \$</b>	<b>6-12 months \$</b>	<b>1-5 years \$</b>	<b>≥5 years \$</b>	<b>Total \$</b>
<b>Financial Liabilities</b>					
Trade and other payables	213,378	-	-	-	213,378
Current tax payable	-	1,654,255	-	-	1,654,225
	<b>213,378</b>	<b>1,654,255</b>	-	-	<b>1,867,633</b>
<b>2008 – Company</b>					
<b>Financial Liabilities</b>					
Trade and other payables	112,573	-	-	-	112,573
Amount payable to controlled entity	-	-	-	61,260	61,260
	<b>112,573</b>	-	-	<b>61,260</b>	<b>173,833</b>

**(d) Interest Rate Risk**

The Company's and 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 Company and Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables, investments and payables are non-interest bearing.

At the reporting date, the joint venture cash balances included in the Consolidated cash balance (as disclosed in note 15) were not interest bearing. All other cash balances were interest bearing as disclosed below:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2009 \$</b>	<b>2008 \$</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>Interest-bearing financial instruments</b>				
Cash at bank and on hand	905,913	426,548	433,321	289,137
Short term deposits	25,245,602	34,023,179	1,963,431	5,076,423
	<b>26,151,515</b>	<b>34,449,727</b>	<b>2,396,752</b>	<b>5,536,561</b>

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 3.11% (2008: 7.41%) and for the Company the weighted average floating interest rate at year end was 2.15% (2008: 7.35%).

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 2008. This analysis is prepared based on cash balances as at year end and due to significant increases in the cash balance throughout the year is not considered representative of the risk during the year.

	Profit or Loss	
	10% Increase	10% Decrease
<b>2009</b>		
<b>Group</b>		
Cash and cash equivalents	86,562	(86,562)
<b>Company</b>		
Cash and cash equivalents	5,163	(5,163)
<b>2008</b>		
<b>Group</b>		
Cash and cash equivalents	294,664	(294,664)
<b>Company</b>		
Cash and cash equivalents	39,450	(39,450)

**(e) Foreign Currency Risk**

As a result of activities overseas, the Company's and Group's balance sheet can be affected by movements in exchange rates.

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.

The Group's exposure to foreign currency risk in previous years primarily arose from a controlled entity's investment in a listed company whose shares are denominated in GBP. Foreign currency changes in the value of this investment were taken to the investments available-for-sale reserve. The investment had a value in GBP at year end of GBP nil (2008: GBP 2,223,000). Sale of the remaining parcel of shares during the current year has eliminated the Group's exposure to this investment.

Certain controlled entities of the Company with functional currencies of GBP and USD also have foreign currency exposure in relation to intercompany loans which are denominated in Australian dollars. In the Group accounts, the exchange movements on these loans are taken to the foreign currency translation reserve. The carrying value of these loans at balance date is AUD 1,592,118 (2008: AUD 432,830).

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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

**(e) Foreign Currency Risk (Continued)**

*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 2009 would have decreased equity for the year for the Group by A\$128,259 (2008: A\$ nil). There is no effect at the Company level. 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 2009 would have had the equal but opposite effect, on the basis that all other variables remain constant.

**(f) Equity Price Risk**

Following the sale of the remaining parcel of Falkland Oil and Gas shares held during the financial year, the Group is no longer exposed to equity price risk arising from a equity investments.

During the year ended 30 June 2008, the share price of the Group's equity investment varied significantly over the financial year and, due to sales of the investment during the year, the Group's holding in this investment also reduced significantly. Accordingly the following equity price sensitivity analysis, which is based on the Group's exposure at balance date, is not representative of the exposure of the Group to this risk throughout the year.

The sensitivity analyses below were determined based on the exposure to equity price risks at the reporting date. A sensitivity of 35 per cent was selected as this is considered reasonable given the movements in the share price during the year. At reporting date, if the equity prices had been 35% higher or lower:

- net profit or loss for the year 30 June 2008 would be unaffected by price movements at balance date as the equity investments are classified as available for sale; and
- equity reserves would increase/decrease by \$1,616,383 for the Group as a result of the changes in fair value of available for sale investments.

**(g) 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. As the Groups revenue from sales of oil and gas is minimal at this time, no hedging or derivative transactions have been used to manage commodity price risk.

**(h) 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.

**(i) 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.



## 22. 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 and are payable:

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Within one year	-	-	-	-

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

Capital commitments of the Consolidated Entity to joint venture operations:

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Within one year	-	-	-	-
One year or later and no later than five years	-	-	-	-
	-	-	-	-

## 23. CONTINGENCIES

### (a) Acquisition of Astral Petroleum Limited – Contingent Consideration

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

At the Company's AGM on 17 November 2006 shareholders approved an extension of time to 30 June 2008 for the issue to the related party vendors of Astral Petroleum Limited their share of an additional four million fully paid ordinary shares in the Company if the Company achieves an unconditional commitment by RWE to drill a well in respect of the Malta Exploration Study Agreement. This date has not been extended beyond 30 June 2008, however the Board will review this if an unconditional commitment to drill a well is received from RWE and revert to shareholders for approval as appropriate.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**  
(Continued)

**(b) 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 2009 and 2008.

**(c) Joint Ventures**

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

**24. SUBSEQUENT EVENTS**

As at the date of this report there are no matters or circumstances, which have arisen since 30 June 2009 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2009 of the Consolidated Entity;
- the results of those operations, in financials years subsequent to 30 June 2009 of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2009 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 financial statements, notes and the additional disclosures included in the directors' report designated as audited of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001 including:
    - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001;
  - (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;
  - (c) the financial statements also comply with International Financial Reporting Standards as disclosed in note 1(b); and
- (2) There are reasonable grounds to believe that the Company and the group entities identified in Note 15 will be able to meet any obligations or liabilities when they become due and payable; and
- (3) The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2009.

On behalf of the Board.

A handwritten signature in black ink that reads 'Mark Savage' in a cursive script.

**MARK SAVAGE**  
Chairman

Dated this 29<sup>th</sup> day of September 2009



## **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 balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration set out on pages 13 to 53 of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

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

#### *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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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 2009 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

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

### **Report on the remuneration report**

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2009. 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 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Brent Steedman  
*Partner*

Perth, WA

29 September 2009