



31 January 2007

ASX release  
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## **Global Petroleum Limited – December 2006 Quarterly Report**

### Kenya (Global 20%)

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

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

Woodside Energy 30% (and operator)

Dana Petroleum 30% \*

Repsol Exploracion 20%\*

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

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

While there are numerous prospects and leads in our Kenya Licences L-5 and L-7, and Pomboo has established the presence of reservoirs and seals, the well lacked oil and gas shows. The JV has decided that the next phase of exploration should be determined after a comprehensive technical assessment of the relevance and implications of the new information obtained from Pomboo. This work is expected to occur over the next three to six months.

Not drilling Sokwe South No. 1 in this drilling campaign is a disappointing result when shareholders were expecting the Company to be participating in two wells in Kenya in this drilling programme.

However, when the Woodside review is completed in 3 to 6 months time, the Joint Venture will agree the forward plan for L-5 and L-7 – subject to the acceptability of the plan to the Kenya Government.

The costs associated with Global's 20% in L-5 and L-7 are carried for all activities through the drilling of one well in each Licence. Woodside is contractually obliged to drill these two wells, – one each in L-5 and L-7. Only one well, Pomboo in L-5, has so far been drilled.

Refer also to Woodside's release "Pomboo-1 Drilling Result" (23/1/07) and other Global releases in late 2006 and on the 25<sup>th</sup> of January 2007.

*\*Footnote:* Another transaction is pending which, subject to the necessary permissions, will result in the transfer of a 3% interest in L-5 and L-7 from Dana to Repsol, resulting in Repsol having a 23% interest in L-5 and L-7 and Dana a 27% interest.

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

In its six monthly report for the period ended 30 September 2006 (dated 21/12/06) FOGL noted that it had raised £8 million via a convertible loan note, that an independent technical report by TRACS International assessed that in the 10 prospects on which they focussed that the risked prospective resource potential was 863 million barrels nett to FOGL, and that the forward program involved a Controlled Source Electro-Magnetic Survey (CSEM), further 2D seismic and seafloor coring surveys targeting the Company's top 20 prospects. FOGL's goal was stated to be "secure a rig during 2007 and commence drilling in 2008".

At a FOGL share price of 92p/share (as at 26/1/07), Global's shareholding is valued at A\$29.9m (17 cents/share).

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

Since the last Quarterly Report, RWE obtained the services of seismic company Fugro who recorded 852km of new 2D seismic lines in November last year. This work, together with reprocessing of other seismic surveys in the Study Area, and the acquisition of new magnetic and gravity data has satisfied the Malta Government's Study area work commitment.

The Malta Government has extended the Study Agreement to the 31/03/07 to enable RWE as operator of the project to interpret the new and reprocessed information.

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

Ireland Licence Option 03/3 (Global 100%)

The Company's campaign to introduce a new company to this project has not been successful. Discussions with the Petroleum Affairs Division of the Ireland Department of Communications, Marine and Natural Resources indicated that no further extensions to the option deadline of the 31<sup>st</sup> of December 2006 would be available and that the only route available to Global was to enter a licence with a well commitment. As a farminee was not found to share the risk and the cost of such well by the end of last year, the Licence Option has now terminated.

Outlook

When available, the work program timing implications of the planned review of L-5 and L-7 together with the results of the ongoing work by FOGL and the decision by RWE, will be considered by Directors in regard to the most appropriate way forward for the Company.

Yours sincerely,

**John Armstrong**  
Executive Chairman

The technical information in this report was prepared by Dr John Armstrong PhD, BSc (1<sup>st</sup> Hons) Geo, executive Chairman of Global Petroleum Limited who has 35 years experience in the upstream oil and gas industry. The information has been reviewed as to its reliability by Mr Wal Muir BSc Hons (UNSW) MBA (UQ), who is a partner in MBA Petroleum Consultants. MBA provides independent technical advice to Global. Wal Muir has over 27 years experience in the petroleum exploration industry both in Australia and overseas. He is a Distinguished Member of the Petroleum Exploration Society of Australia and a member of the Australian Society of Exploration Geophysicists.

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GLOBAL PETROLEUM LIMITED

ABN

68 064 120 896

Quarter ended ("current quarter")

31 DECEMBER 2006

#### Consolidated statement of cash flows

|   |  | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|--|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b> |  |                            |                                       |
| 1.1   | Receipts from product sales and related debtors            | -                          | -                                     |
| 1.2   | Payments for   | (104)                      | (200)                                 |
|   | (a) exploration and evaluation                             | -                          | -                                     |
|   | (b) development  | -                          | -                                     |
|   | (c) production   | (416)                      | (865)                                 |
|   | (d) administration   | -                          | -                                     |
| 1.3   | Dividends received   | 106                        | 205                                   |
| 1.4   | Interest and other items of a similar nature received      | -                          | -                                     |
| 1.5   | Interest and other costs of finance paid                   | -                          | -                                     |
| 1.6   | Income taxes paid  | 15                         | 25                                    |
| 1.7   | Other – management fees                                    |                            |                                       |
|   | <b>Net Operating Cash Flows</b>                            | <b>(399)</b>               | <b>(835)</b>                          |
| <b>Cash flows related to investing activities</b> |  |                            |                                       |
| 1.8   | Payment for purchases of:                                  | -                          | -                                     |
|   | (a) prospects  | -                          | -                                     |
|   | (b) equity investments                                     | -                          | (2)                                   |
|   | (c) other fixed assets                                     | -                          | 179                                   |
| 1.9   | Proceeds from sale of:                                     | -                          | -                                     |
|   | (a) prospects  | -                          | -                                     |
|   | (b) equity investments                                     | -                          | -                                     |
|   | (c) other fixed assets                                     | -                          | -                                     |
| 1.10  | Loans to other entities                                    | -                          | -                                     |
| 1.11  | Loans repaid by other entities                             | -                          | -                                     |
| 1.12  | Other (provide details if material)                        | -                          | -                                     |
|   | <b>Net investing cash flows</b>                            | <b>-</b>                   | <b>177</b>                            |
| 1.13  | Total operating and investing cash flows (carried forward) | <b>(399)</b>               | <b>(658)</b>                          |
| <b>Cash flows related to financing activities</b> |  |                            |                                       |
| 1.14  | Proceeds from issues of shares, options, etc.              | 538                        | 538                                   |

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|      |   |       |       |
|------|---|-------|-------|
| 1.15 | Proceeds from sale of forfeited shares      | -     | -     |
| 1.16 | Proceeds from borrowings                    | -     | -     |
| 1.17 | Repayment of borrowings                     | -     | -     |
| 1.18 | Dividends paid                              | -     | -     |
| 1.19 | Other (provide details if material)         | (4)   | (4)   |
|      | <b>Net financing cash flows</b>             | 534   | 534   |
|      | <b>Net increase (decrease) in cash held</b> | 135   | (124) |
| 1.20 | Cash at beginning of quarter/year to date   | 6,732 | 6,991 |
| 1.21 | Exchange rate adjustments to item 1.20      | -     | -     |
| 1.22 | <b>Cash at end of quarter</b>               | 6,867 | 6,867 |

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 147                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

1.23 – Payment of salaries/fees to directors under approved agreements

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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|  |
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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|--|

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

|     |                             | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities             | Nil                         | N/a                    |
| 3.2 | Credit standby arrangements | Nil                         | N/a                    |

## Estimated cash outflows for next quarter

|                                |            |
|--------------------------------|------------|
|                                | \$A'000    |
| 4.1 Exploration and evaluation | 100        |
| 4.2 Development                | -          |
| <b>Total</b>                   | <b>100</b> |

## Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 85                         | 55                          |
| 5.2 Deposits at call  | 6,782                      | 6,677                       |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other (provide details)   | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b>  | <b>6,867</b>               | <b>6,732</b>                |

## Changes in interests in mining tenements

|     | Tenement reference  | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | None                          |                                  |                            |
| 6.2 | Interests in mining tenements acquired or increased           | None                          |                                  |                            |

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|  | Total number                                | Number quoted | Issue price per security (see note 3) (cents)             | Amount paid up per security (see note 3) (cents)             |
|--|---|---------------|---|--|
| 7.1 <b>Preference +securities</b><br><i>(description)</i>  | None  |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | None  |               |   |  |
| 7.3 <b>+Ordinary securities</b>  | 174,444,787                                 | 174,444,787   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | (a) 2,150,000                               |               |   |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  | None  |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | None  |               |   |  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | A. 6,000,000<br>B. 200,000<br>C. 10,000,000 |               | <i>Exercise price</i><br>25 cents<br>25 cents<br>25 cents | <i>Expiry date</i><br>30-06-2007<br>31-12-2008<br>30-06-2008 |
| 7.8 Issued during quarter  | None  |               |   |  |
| 7.9 Exercised during quarter   | 2,150,000                                   |               |   |  |
| 7.10 Expired during quarter  | None  |               |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   | None  |               |   |  |
| 7.12 <b>Unsecured notes</b> <i>(totals only)</i>   | None  |               |   |  |

# Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company secretary

Date: 31 January 2007

Print name: Desmond Frederick Olling

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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