GLOBAL PETROLEUM LIMITED

Investigation | Exploration | Growth

Annual Report 2014

GLOBAL PETROLEUM LIMITED
ABN 68 064 120 896

Corporate Directory

Directors

Mr John van der Welle
Non-Executive Chairman
appointed 10 February 2014

Mr Peter Taylor
Non-Executive Director
appointed *Non-Executive Acting Chairman* on 16 July 2013, resigned as *Non-Executive Acting Chairman* 10 February 2014

Mr Peter Blakey
Non-Executive Director

Mr Peter Hill
Managing Director and Chief Executive Officer

Mr Peter Dighton
Non-Executive Director

Mr Damien Cronin
Non-Executive Director

Company Secretary
Mr Damien Cronin

Registered and Principal Office

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Brisbane QLD 4066, Australia

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Website

www.globalpetroleum.com.au

Email

info@glo-pet.com

Solicitors

McCullough Robertson

Auditor

KPMG, Brisbane

Bankers

Barclays Bank Limited

Stock Exchange Listing

Australian Securities Exchange
(Symbol: GBP)

Home Exchange – Sydney Office
Australia Square
Level 6, 123 George Street
Sydney NSW 2000, Australia

Alternative Investment Market (AIM)
of the London Stock Exchange
(Symbol: GBP)

10 Paternoster Square
London EC4M 7LS, United Kingdom

ASX/AIM Code GBP – Fully paid ordinary shares

Share Register

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West End QLD 4101, Australia

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Facsimile +61 7 3237 2152

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Bristol BS99 7NH, United Kingdom

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Facsimile +44 870 703 6106

Contents

Directors' Report

For the year ended 30 June 2014

The Directors of Global Petroleum Limited present their report together with the consolidated financial statements of the Group comprising 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 2014 ("Consolidated Entity" or "Group").

Dear Shareholders

We are pleased to present to you the Global 2014 Annual Report.

During the period covered by this report we have continued to appraise a wide range of potential new opportunities in order to expand the Company's asset portfolio. At the same time, your Board has re-assessed the Company's strategy for growth, and set out below is further information on our new focus, following our summary of events over the past year.

On 4 September 2014 we announced that agreement had been reached with the Namibian Ministry of Mines and Energy for a twelve month extension until December 2015 of the Initial Exploration Period of Petroleum Exploration Licence 29, which covers our two blocks in the Walvis Basin offshore Namibia. During this period the Company will undertake further interpretation work on existing seismic data, whilst also continuing with the farm-out process commenced in 2013. However this process has not been successful to date, principally due to the lack of exploration drilling success offshore Namibia and other frontier provinces, and in particular the disappointing Welwitschia -1a well which was plugged and abandoned in an adjacent block to ours. Whilst the main prospectivity in our blocks is at a deeper horizon than that penetrated by Welwitschia-1, inevitably potential farm-in partners have waited for the drilling of this well, and have not been encouraged by its outcome.

Progress has continued towards licence awards with our four applications for exploration areas offshore Italy in the southern Adriatic Sea. At the end of May 2014, the Company moved to the next phase of the award process by submitting to the authorities the required documentation covering the environmental impact of our exploration activities. We remain excited about the long-term potential of these areas, and are working toward the formal grant of awards, targeted for 2015.

Regarding offshore Juan de Nova, we continue to wait for progress in relation to our application to the French authorities for a renewal of our permit, and we believe that formal grant is unlikely in 2014.

Financial

During the year ended 30 June 2014, the Group recorded a loss after tax of \$14,367,359 (2013: loss \$1,288,064), with the increase primarily reflecting the \$10,757,276 impairment write-down of the Company's Namibian assets, following the disappointing drilling nearby and farm-out process referred to above. Cash balances at 30 June 2014 amounted to \$17,639,320 (2013: \$22,113,332). The Group has no debt.

Board

On 16 July 2013 Robert Arnott resigned as Non-Executive Chairman, to be replaced by existing Non-Executive Director Peter Taylor as Acting Non-Executive Chairman. On 10 February John van der Welle joined your Board as Non-Executive Chairman.

Strategy and Outlook

The last year has been a frustrating one for management and of course shareholders, which has been reflected in the share price, albeit against a difficult E&P sector in the stock market, where sentiment has been negative for some time. Considerable effort has been expended seeking and evaluating opportunities to acquire suitable new exploration assets. However the generally poor frontier area exploration results in recent years, including in Africa, is indicative of the scarcity of attractive opportunities, and accordingly your Board has been very selective in considering potential investments of the Company's cash resources in exploration in these areas.

As mentioned above, in response to the current exploration backdrop we have re-assessed our strategy of looking for frontier exploration opportunities, and have concluded the Company will now balance its existing higher risk/reward portfolio in Namibia and prioritise exploration in proven hydrocarbon provinces, especially onshore, and investment in discovered contingent resources. Geographically the focus will continue to be primarily Africa and the Mediterranean. We will also carefully consider appropriate corporate opportunities, which may occur periodically.

In summary, your Board expects to make significant progress in growing the business with attractive new assets in the next twelve months.

We look forward to meeting shareholders at the Company's Annual General Meeting.

John van der Welle
Chairman

Peter Hill
Chief Executive Officer

1. OPERATING AND FINANCIAL REVIEW

Namibian Project

The Namibian Project consists of an 85% participating interest in Petroleum Exploration Licence Number 29 ("Licence") covering Offshore Blocks 1910B and 2010A in the Republic of Namibia. The Licence, issued on 3 December 2010, covers 11,730 square kilometres and is located in offshore Namibia in water depths ranging from 1,300 metres to 3,000 metres (Refer Figure 1).

The Initial Exploration Period of the Licence expires in December 2014, and Global fulfilled the corresponding work obligations some time ago. This involved reinterpretation of 2,000 kilometres of purchased seismic and commissioning a high resolution 2D seismic acquisition programme of some 2,000 kilometres over the acreage. The new data confirmed the presence of two large structures and other potential leads, and accordingly the Company resolved to seek a partner for the next phase of exploration activity on its acreage, commencing with 3D seismic.

Exploration drilling results in Namibia have been mixed to date. Of the wells drilled in the Walvis basin, Global regards the HRT operated Wingat-1 well as being the most significant in that liquid hydrocarbons were recovered from the Aptian interval, thus establishing for the first time the presence of a source rock actively generating oil in the Walvis Basin.

During the reporting period, the Welwitschia-1A well was plugged and abandoned. It had been drilled to a depth of 2,454m in Block 2011A, adjacent to Global's Block 2010A.

The geological setting of Global's blocks is distinct from that targeted by the Welwitschia-1A well, notwithstanding the relative proximity of the two, the great majority of the prospectivity in Global's acreage is mapped in older sediments. These deeper structures were not reached by the Welwitschia-1A well. Therefore, the significant potential of these deeper traps and reservoirs remains untested.

In addition, the Company's technical team believes that shallower reservoir potential still remains in its blocks, as Global's interpretation is that the high quality Maastrichtian and Campanian reservoirs in its blocks were deposited in a sandstone reservoir fairway which skirted and bypassed the old highs such as the one drilled by Welwitschia-1A.

Regarding source, it is thought that the main charge for Global's prospects is also in the older sediments: this means that the deeper structures would be charged first, the shallower Maastrichtian and Campanian traps second, and only thirdly the reservoir fairway between the highs on one of which Welwitschia-1A was drilled.

The Company therefore remains optimistic about the potential of its Namibian blocks given the technical differentiation between the prospectivity on its blocks and the target drilled at Welwitschia-1A and continues to seek a partner with a view to funding the future work programme on the Licence, commencing with 3D seismic. However, the Company is mindful of the wider context that disappointing drilling results both in Namibia and in Atlantic margin frontier plays generally have affected industry and market sentiment, which has undoubtedly had a bearing on its farm-out process in Namibia.

Subsequent to the end of the reporting period, the Company agreed with the Namibian Ministry of Mines and Energy ("MME") a 12 month extension of the Initial Exploration Period of the Licence, which will now be valid until December 2015. Entering into the second period of the Licence (previously scheduled to commence in December 2014) would involve commitment to drill a well, and therefore the Company has agreed with MME to extend instead the Initial Exploration Period on the basis of an agreed work programme, which entails further interpretation work on existing seismic data. The Company's wholly owned subsidiary, Jupiter Petroleum (Namibia) Limited, remains operator with an 85% interest in the two blocks, with partners NAMCOR and Bronze Investments Pty Ltd holding 10% and 5% respectively, both as carried interests.

1. OPERATING AND FINANCIAL REVIEW (continued)

Namibian Project (continued)

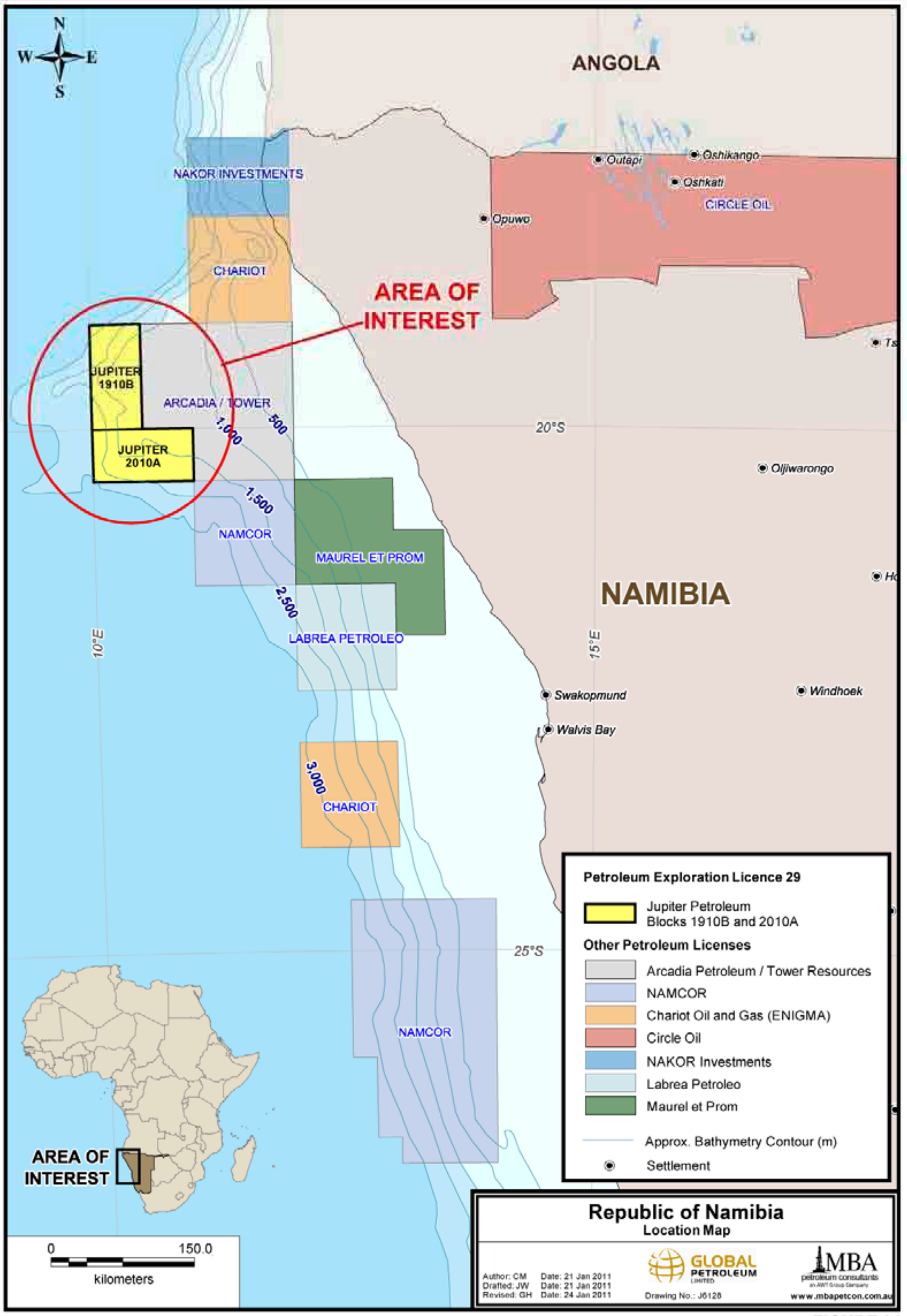

FIGURE 01

1. OPERATING AND FINANCIAL REVIEW (continued)

Juan de Nova Project

Jupiter Petroleum (Juan de Nova) Limited ("Jupiter", a 100% subsidiary of Global) previously held a 30% interest in the Juan de Nova Est Permit (the "Permit") which was issued by the French Government in December 2008. The Permit covers approximately 9,010 square kilometres and is situated to the east of the small island of Juan de Nova in the Mozambique Channel, immediately to the west of Madagascar (refer to the map below).

A petroleum systems review, including reprocessing of historic 2D seismic data, was completed in 2013. Results appear to show a thick and potentially prospective stratigraphic section in deep water in both the northern and southern triangles of the block, which are encouraging enough to justify renewal. Accordingly, an application by the joint venture partners to renew approximately 4,500 square kilometres (equating to 50% of the existing Permit area) of the Juan de Nova Est Permit was submitted to the French Authorities on 28 August 2013. Following subsequent dialogue with the Authorities, the Company is now awaiting a response to the application.

In the first phase of the Permit, Wessex Exploration Limited ("Wessex") was the operator and held a beneficial interest of 70%. There was insufficient time to convert this beneficial interest into full legal title to the Permit prior to the deadline for the Permit's renewal, and so Wessex was unable legally to participate in the renewal process. However, Global held a full legal interest in the Permit through Jupiter, which therefore applied for renewal as a 100% interest holder and Operator. Alongside the Permit renewal application, a new joint venture agreement was signed with Wessex giving Wessex the right to apply to the relevant French Authorities to take legal title to a 50% working interest in the Permit, in the event that the renewal is successful. During the reporting period dialogue continued with the French Authorities regarding renewal of the Permit.

The Company does not expect the French Authorities to make a decision regarding renewal of the Permit before Q1 2015.

1. OPERATING AND FINANCIAL REVIEW (continued)

Juan de Nova Project (Continued)

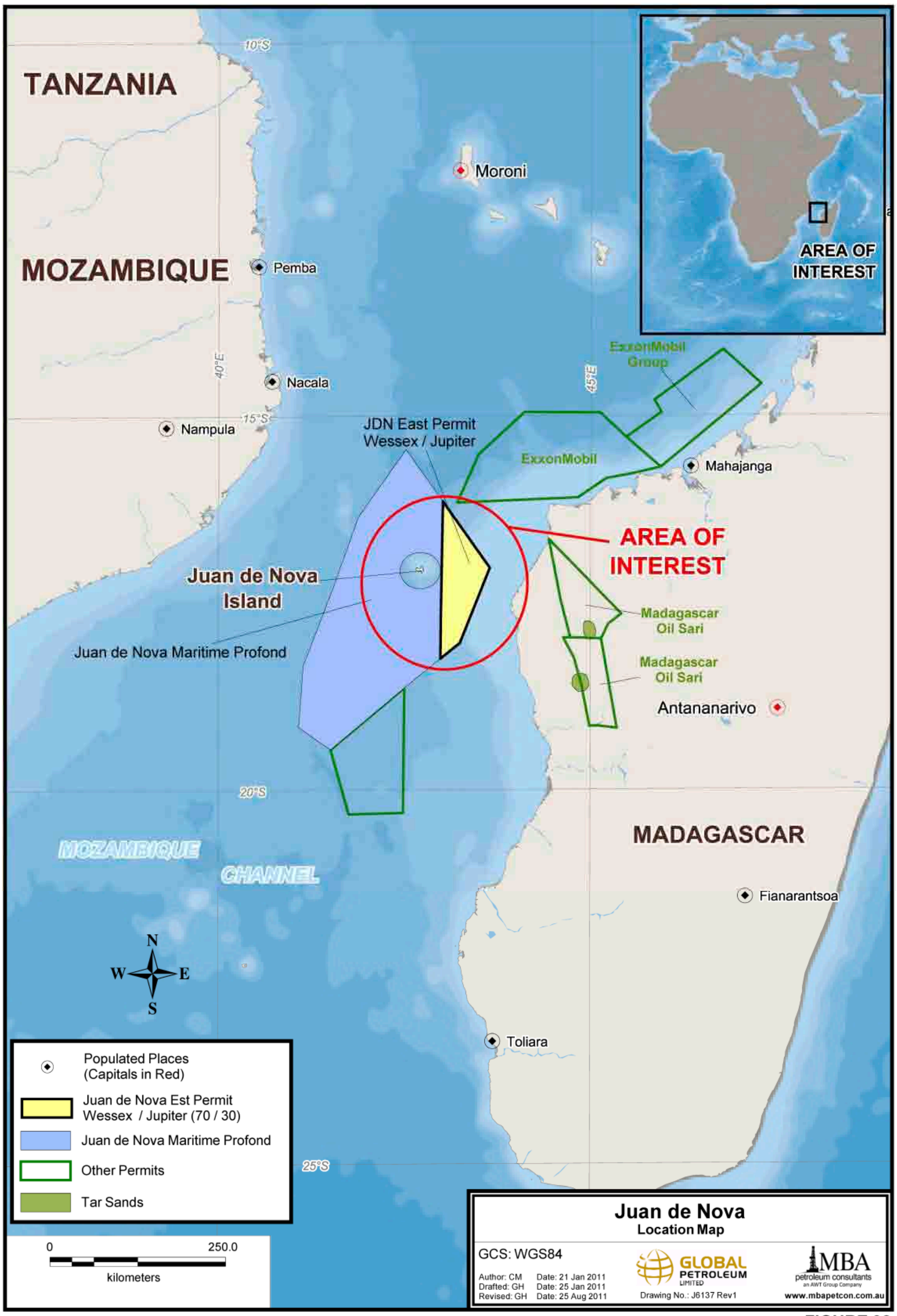

FIGURE 02

1. OPERATING AND FINANCIAL REVIEW (continued)

Permit Applications in the Southern Adriatic, Offshore Italy

In August 2013, the Company submitted an application and proposed work programme and budget to the Italian Ministry of Economic Development for four exploration areas offshore Italy (the "Permit Applications"). In accordance with Italian offshore regulations, Global had to meet certain technical and financial requirements. The Permit Applications were then published on 30 September 2013 in the Official Bulletin allowing other competitive bids to be made over the subsequent three months. No such bids were received and the Company submitted the relevant documentation at the end of May 2014 in relation to environmental impact. The precise timetable for final award of the four Permits is dependent upon a satisfactory outcome to this process, and upon subsequent formalities in accordance with Italian legislation.

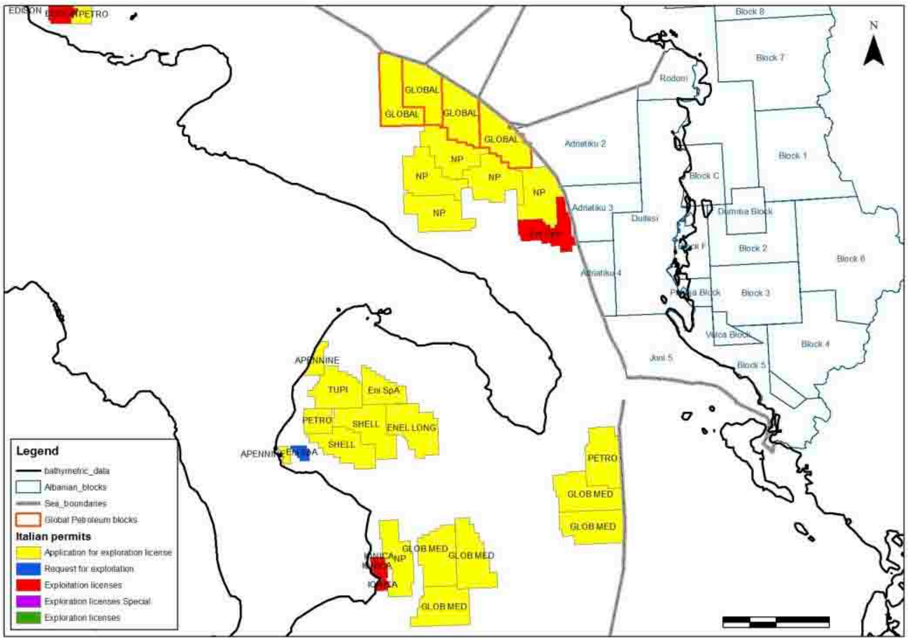

Figure 1 – map of southern Adriatic showing Italian permits

The southern Adriatic is currently undergoing a significant new phase of oil and gas exploration. There have been a number of recent applications in the Adriatic close to the Permit Applications. Adjacent to Italian waters, Montenegro held a licensing round earlier in the year, with Croatia following suit thereafter. Seismic acquisition companies have begun large, multi-client 2D acquisition programmes across the entire basin, from Italy to Croatia. In 2013 Shell and Petromanas announced the Shiprag discovery onshore Albania, which is thought to be linked to the same petroleum source rock and similar reservoir to some of those identified in the offshore Adriatic.

Business Development.

The Company has reviewed a wide range of potential new opportunities and the process remains ongoing. Global remains well capitalised which provides a position of strength compared to many of its peers and the Board is ready to commit a significant portion of this capital to a suitable new opportunity or opportunities, but only if they believe such are likely to significantly enhance shareholder value.

The Board is particularly mindful of the wider context, which is that disappointing drilling results both in Namibia and in Atlantic margin frontier plays generally have affected industry and market sentiment. This in turn has impacted the availability of equity capital, particularly for companies in the E&P sector.

As mentioned above, in response to the current exploration backdrop we have re-assessed our strategy of looking for frontier exploration opportunities, and have concluded the Company will now balance its existing higher risk/reward portfolio in Namibia and prioritise exploration in proven hydrocarbon provinces, especially onshore, and investment in discovered contingent resources. Geographically the focus will continue to be primarily Africa and the Mediterranean. We will also carefully consider appropriate corporate opportunities, which may occur periodically.

1. OPERATING AND FINANCIAL REVIEW (continued)

Results of operations

	2014 $	2013 $
Loss from continuing operations before tax	(14,363,618)	(2,189,906)
Income tax benefit (expense)	(3,741)	1,412,653
Profit (loss) from discontinued operation (net of tax)	-	(510,811)
Net profit (loss)	**(14,367,359)**	**(1,288,064)**

The results of the Consolidated Entity include revenue from oil and gas sales of $Nil (2013: $180,931) and interest income of $395,983(2013: $780,705). The increase in the loss primarily reflects the $10,757,276 impairment write-down of the Company's Namibian assets, following the disappointing drilling nearby and farm-out process referred to above.

Review of financial condition

As at 30 June 2014 the Group had cash of $17,639,320 (2013: $22,113,332) and has no debt.

2. DIRECTORS

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

Unless otherwise disclosed, Directors held their office from 1 July 2013 until the date of this report.

Mr John van der Welle B.Sc. ACA Non-Executive Chairman	Mr van der Welle was appointed Non-Executive Chairman on 10 February 2014. Mr van der Welle, is a chartered accountant with 30 years' experience in the oil and gas industry and is currently a non-executive director of AIM listed exploration companies Hurricane Energy Plc and Lekoil Limited, both of which had IPO's on AIM in 2013-2014. Mr van der Welle has previously been a senior executive with, or director of, a number of UK listed upstream oil and gas companies – Enterprise Oil, Hardy Oil and Gas, Premier Oil, First Calgary Petroleum and Stratic Energy Corp. John was also a non-executive director of Madagascar Oil from its IPO on AIM in 2010 until December 2012.

2. DIRECTORS (continued)

Mr Peter Hill MA Law (Oxon) Managing Director Chief Executive Officer	Mr Hill has extensive experience in the energy sector as a senior executive with a significant track record worldwide in high-level M&A and business development roles, primarily in the oil industry. Most recently Mr Hill was the global head of Corporate M&A for Statoil ASA, where he was responsible for several large transactions, being a key member of the team responsible for Statoil's merger with Norsk Hydro Oil & Gas in December 2006, and leading the acquisition of EnCana's Gulf of Mexico deepwater assets in 2005. Prior to agreeing to join Global, Mr Hill was responsible for supervising execution of the IPO of Statoil's Energy & Retail division in the latter part of 2010. Previously Mr Hill set up the international business of Waterous& Co as Managing Director in the UK, and before that worked for Enterprise Oil Plc. for many years, latterly as Head of International New Ventures. Mr Hill started in the energy industry with Total Oil Marine and is a UK qualified solicitor, having commenced his career with Clifford Chance. He holds an MA in Law from Oxford University. Mr Hill was appointed as Managing Director and Chief Executive Officer of the Company on 1 September 2011. Mr Hill has not held any other directorships of publicly listed companies in the last three years.
Mr Peter Blakey B.Sc CEng **Non-Executive Director** **Mr Peter Taylor B.Sc CEng** **Non-Executive Director**	Mr Taylor was appointed Non-Executive Acting Chairman on 16th July 2013 and resigned as Non-Executive Acting Chairman on 10 February 2014. Mr Blakey and Mr Taylor are joint chairmen of TM Services Ltd, an international oil and gas consulting company. In 1991, they were founding members and directors of TM Oil Production Ltd, which became Dana Petroleum Plc. This company was subsequently purchased by KNOC in October 2010. They were also founding members and directors of Consort Resources Ltd, which has become a significant North Sea gas production company, and of Planet Oil which was merged with Hardman Resources in 1998. During the three year period to the end of the financial year, Mr Blakey and Mr Taylor both held a directorship in Tower Resources Plc (January 2006 – present). Mr Blakey and Mr Taylor were appointed Directors of the Company on 4 October 2001, Mr Taylor was appointed Non-Executive Chairman on 16 July 2013.

2. DIRECTORS (continued)

Mr Peter Dighton LLB (QUT) Independent Non-Executive Director	Mr Dighton is a lawyer who specialises in upstream petroleum and LNG projects. He was previously a Non-Executive Director of Global from 2003-2008 and has also served on the board of the listed entities Falklands Oil and Gas Limited (Dec 2004 – Nov 2009) and Texon Petroleum Limited (May 2006 – Dec 2009). He is currently a Director of OSD Pipelines Pty Ltd and Diversified Mining Services Limited and is the Australasian representative of the floating LNG developer Flex LNG Limited (2008 - to date). Mr Dighton was appointed Director on 31 December 2011. Mr Dighton has not held any other directorships, other than those listed above, of publicly listed companies in the last three years.
Mr Damien Cronin MAICD MQLS Independent Non-Executive Director and Company Secretary	Mr Cronin is a solicitor who has over 25 years' experience in the oil and gas and resources sectors and has held senior legal and commercial roles with Rio Tinto, Shell, Duke Energy and Incitec Pivot. He has previously served as Company Secretary to a number of listed public companies in the oil and gas sector including Sunshine Gas Limited, Blue Energy Limited and as secretary to the operating committee of a number of mining joint ventures, including that for the Sonoma Coal Mine. Mr Cronin was appointed Director and Company Secretary on 31 December 2011. Mr Cronin has not held any other directorships of publicly listed companies in the last three years.

3. COMPANY SECRETARY

Mr Damien Cronin was appointed to the position of Company Secretary on 31 December 2011. Mr Cronin has been Company Secretary to a number of publicly listed companies in the mining and oil and gas sectors as well as secretary to the operating committee of a number of unincorporated mining joint ventures.

4. DIRECTORS' MEETINGS

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Mr J van der Welle	4	4
Mr P Hill	11	11
Mr P Blakey	11	9
Mr P Taylor	11	10
Mr P Dighton	11	11
Mr D Cronin	11	11

The Company does not currently have separate committees of the Board, given the current size of the Board. Matters that would otherwise be within the charter of such committees are considered by the Board at its meetings. The table above includes Circulatory Resolutions.

5. DIRECTORS' INTERESTS

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

	Interest in Securities at the Date of this Report	
Directors	**Ordinary Shares[1]**	**Incentive Options [2]**
Mr J van der Welle	-	-
Mr P Hill	710,000	6,000,000
Mr P Blakey	41,011,761	-
Mr P Taylor	42,768,327	-
Mr P Dighton	40,000	300,000
Mr D Cronin	-	300,000

Notes
[1] Ordinary Shares means fully paid ordinary shares in the capital of the Company.
[2] Incentive Options means one unlisted option exercisable at various amounts and dates – see below.

6. SHARE OPTIONS

On 20 November 2013, the Company cancelled and re-granted options to Mr Hill and Mr Dighton. It also issued new incentive options to Mr Cronin. For details refer to Sections 13.2 and 13.3 of the Remuneration Report.

Since 30 June 2013, no shares have been issued as a result of the exercise of options.

7. PRINCIPAL ACTIVITIES

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

Objectives

The objectives of the Group's principal activities are the enhancement of shareholder value by the identification and commercialisation of oil and gas assets.

8. DIVIDENDS

No Dividends were paid during the financial year ended 30 June 2014 (2013:Nil).

9. EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, there are no matters or circumstances which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2014 of the Consolidated Entity;
(ii) the results of those operations, in financials years subsequent to 30 June 2014 of the Consolidated Entity; or
(iii) the state of affairs, in financial years subsequent to 30 June 2014 of the Consolidated Entity.

10. LIKELY DEVELOPMENTS

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 Africa and continue to examine new opportunities 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 Group and accordingly, has not been disclosed.

11. INDEMNIFICATION INSURANCE OF OFFICERS

The Constitution of the Group requires the Group, to the extent permitted by law, to indemnify any person who is or has been a Director or officer of the Group or Group for any liability caused as such a Director or officer and any legal costs incurred by a Director or officer in defending an action for any liability caused as such a Director or officer. During or since the end of the financial year, no amounts have been paid by the Group or Group in relation to these indemnities. During the financial year, an insurance premium of $15,349 (2013: $14,256) was paid by the Group, covering the period from 17 September 2013 to 16 September 2014, to insure against a liability incurred by a person who is or has been a Director or officer of the Company or Group. The insurance policy does not contain details of the premiums paid in respect of individual officers of the Company.

12. NON-AUDIT SERVICES

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

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

> The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involves reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group of jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the group, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

Audit services: Audit and review of financial reports	**2014 $**	**2013 $**
Auditors of the group – KPMG	78,500	102,437
Services other than statutory audit - KPMG		
Taxation advice	16,000	48,500

13. REMUNERATION REPORT - AUDITED

13.1 Principles of compensation – audited

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

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

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

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

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

13.2 Directors and executive officers' remuneration – audited

Executive remuneration

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

Currently given the size and nature of the Group operations, there is only one executive, Mr Peter Hill, who is also a Director.

(i) Fixed remuneration

Fixed remuneration consists of a base salary, as well as an employer contribution to a superannuation fund and other non-cash benefits. Non-cash benefits may include provision of motor vehicles and health care benefits.

The fixed remuneration is reviewed annually by the Board in the absence of a Remuneration and Nomination Committee. The process consists of a review of Company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. However external advice has not been sought in 2014 (2013: none).

(ii) Performance based remuneration – short term incentive

The executive is entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful completion of exploration activities (e.g. completion of exploration programmes within budgeted timeframes and costs), development activities (e.g. completion of feasibility studies), corporate activities (e.g. recruitment of key personnel) and business development activities (e.g. project acquisitions and capital raisings). The Board is continuously in the process of determining specific KPI's.

During the 2014 financial year, no cash bonuses were paid or are payable (2013: nil).

(iii) Performance based remuneration – long term incentive

The Board may issue incentive options to the executive as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executive and to provide an incentive linked to the performance of the Group. The Board has a policy of granting incentive options to the executive with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to the executive will generally only be of benefit if the executive performs to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted. For details of options granted to Mr Peter Hill during the year refer to Section 13.3 of this report.

13. REMUNERATION REPORT - AUDITED (continued)

13.2 Directors and executive officers' remuneration – audited (continued)

Executive Director remuneration (continued)

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

Non-Executive Director remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Group, incentive options have been used to attract and retain certain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required however no external advice has been sourced this year (2013: none).

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

Non-Executive Director fees for Messrs Blakey, Taylor are presently set at $45,000 per annum (2013: $45,000).Mr van der Welle's fees are set at £32,500 ($58,855) per annum, Messrs Dighton and Cronin's fees are set at $30,000 each per annum. These fees relate to responsibilities as a Director only. Refer to Sections 13.2 and 13.3 of this report for further details. Non-Executive Directors can rescind their position at any time by submitting their resignation in writing. A Non-Executive Director's appointment can be terminated at any time by a shareholder vote. The Non-Executive Directors are not entitled to any pay-outs on termination.

The Board has no retirement scheme in place. Directors who retire from the Board of Directors are not entitled to any retirement payment. The Group will make contributions to superannuation funds where required, in 2014 to Messrs Dighton and Cronin (2013: Messrs Dighton and Cronin).

Relationship between remuneration of KMP and shareholder wealth

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

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

Relationship between remuneration of KMP and earnings

As discussed above, the Group is currently undertaking new project acquisition, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales), until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining the nature and amount of remuneration of KMP.

13. REMUNERATION REPORT - AUDITED (continued)

13.2 Directors and executive officers' remuneration – audited (continued)

Employment contracts with key management personnel

Mr P Hill, Managing Director and Chief Executive Officer, has a contract of employment with Global Petroleum Limited dated 1 August 2011, with a commencement date of 1 September 2011. The contract specifies the duties and obligations to be fulfilled by the Managing Director and Chief Executive Officer. The contract has a rolling annual term and may be terminated by either party by giving three months' notice. Upon notice he will be entitled to his salary and related benefits up to the end of the annual period but the amount are not to exceed three months. He is not entitled to any additional termination payout. Mr Hill receives a salary of £220,000 (A$ 398,400) plus pension contributions of £30,000 (A$54,324) during 2014.

Mr Hill has also been granted options as part of his remuneration. See Section 13.3.

13. REMUNERATION REPORT - AUDITED (continued)

13.2 Directors and executive officers' remuneration – audited (continued)

Details of the nature and amount of each element of the remuneration of each Director and key management personnel of the Consolidated Entity for the financial year are as follows:

		Short-Term[1]			Post Employment	Termination Benefits	Share- based Payments	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Total Remuneration
		Salary	Non-monetary benefits	Director's Fees	Super-annuation		Options[2]			
Director		$	$	$	$	$	$	$	%	%
Executive officers										
Mr P Hill	**2014**	**439,516**	**-**	**-**	**53,060**	**-**	**117,655**	**610,231**	**-**	**19.2**
	2013	382,153	-	-	49,885	-	144,872	576,910	-	25.1
Sub-total executive officers remuneration	**2014**	**436,516**	**-**	**-**	**53,060**	**-**	**117,655**	**610,231**	**-**	**19.2**
	2013	382,153	-	-	49,885	-	144,872	576,910	-	25.1
Non-executive directors										
Mr van der Welle appointed 10 Feb 2014	2014	**-**	**-**	**25,343**	**-**	**-**	**-**	**25,343**	**-**	**-**
	2013	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**
Dr R Arnott [4]	**2014**	**-**	**-**	**21,370**	**-**	**-**	**(15,809)**	**5,561**	**-**	**(284.3)**
	2013	-	-	81,494	-	-	24,808	106,302	-	23.3
Mr M Savage	**2014**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2013	-	-	11,739	-	-	-	11,739	-	-
Mr P Blakey	**2014**	**-**	**-**	**45,000**	**-**	**-**	**-**	**45,000**	**-**	**-**
	2013	-	-	45,000	-	-	-	45,000	-	-
Mr P Taylor	**2014**	**-**	**-**	**45,000**	**-**	**-**	**-**	**45,000**	**-**	**-**
	2013	-	-	45,000	-	-	-	45,000	-	-
Mr P Dighton	**2014**	**-**	**-**	**30,000**	**2,775**	**-**	**9,900**	**42,675**	**-**	**23.2**
	2013	-	-	30,000	2,700	-	-	32,700	-	-
Mr D Cronin [3]	**2014**	**-**	**-**	**30,000**	**2,775**	**-**	**10,200**	**42,975**	**-**	**23.7**
	2013	-	-	30,000	2,700	-	-	32,700	-	-
Sub-total non-executive directors' remuneration	**2014**	**-**	**-**	**196,713**	**5,550**	**-**	**4,291**	**206,554**	**-**	
	2013	-	-	243,233	5,400	-	24,808	273,441	-	
Total directors' and executive officers' remuneration	**2014**	**436,516**	**-**	**196,713**	**58,610**	**-**	**121,946**	**816,785**	-	
	2013	382,153	-	243,233	55,285	-	169,680	850,351	-	

13. REMUNERATION REPORT - AUDITED (continued)

13.2 Directors and executive officers' remuneration – audited (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) The fair value of the options was determined using the Black Scholes option pricing model and the Binomial option pricing model.

(3) Mr D Cronin was remunerated $42,000 (2013: $38,000) as Company Secretary, separate to his role as Director and thus not included in the table above.

(4) On 16 July 2013, Dr R Arnott resigned as Non-Executive Chairman of the Board and as a Director. He was paid $21,370 in lieu of notice and all of his 750,000 non-vested options were forfeited. He held 1,000,000 options (vested and non-vested) at the beginning of the year.

13.3 Equity instruments – audited

Options granted to Directors and Key Management Personnel – audited

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

In 2014, the following new equity-settled share-based payments were issued for no consideration.

	Number of Options	Grant date	Fair Value per option at grant date $	Vested in Year %	Forfeited or lapsed in year %	Exercise date	Exercise Price $	Vesting date
Damien Cronin Director	300,000	16 December 2013	0.034	100	0	30 June 2019	0.25	16 December 2013

These were valued at $10,200 and have been expensed to equity based remuneration (see valuation basis below).

On 20 November 2013, the Company cancelled and re-granted 6,300,000 options. The options were re-granted on identical terms to the existing incentive options, other than the end date which was extended, in the case of Mr Hill's options from 2014/2015 to 2017/2018 and for Mr Dighton's from 2013 to 2019 - see details below. These options were granted and vested on 16 December 2013. The Company's share price on 20 November 2013 was $0.09. The changes were accounted for as a modification of a share based payment and, in accordance with AASB2, this resulted in an additional $117,400 expensed to equity based remuneration.

The Company cancelled and re-granted options, approved by shareholders at the 2013 Annual General Meeting as follows:

Cancelled options

P Hill:

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

P Dighton:

300,000 incentive options exercisable at $0.25 each on or before 30 June 2014

13. REMUNERATION REPORT - AUDITED (continued)

13.3 Equity instruments – audited (continued)

Re-granted options
P Hill:

i. 1,500,000 incentive options exercisable at $0.25 each on or before 1 April 2017, vested on 16 December 2013
ii. 1,750,000 incentive options exercisable at $0.30 each on or before 1 October 2017, vested on 16 December 2013
iii. 1,750,000 incentive options exercisable at $0.35 each on or before 1 April 2018, vested on 16 December 2013, and
iv. 1,000,000 incentive options exercisable at $0.45 each on or before 1 October 2018, vested on 16 December 2013

P Dighton:

300,000 incentive options exercisable at $0.25 each on or before 30 June 2019, vested on 16 December 2013

The fair value of the options was determined using the Black Scholes option pricing model and the Binomial option pricing model. The total expense arising from the share based payments to KMP was $127,600 (2013: $219,297). The expected volatility of the options was calculated using the Hoadley's volatility calculator for a three year period, using data extracted from Bloomberg. For the purpose of the valuations above, the future estimated volatility level of 65% (2013: 75%).

	Year ended 30 June 2014	Year ended 30 June 2013
Fair value at grant date	$0.019 – 0.034	$0.038 – 0.0250
Share price	$0.09	$0.13
Exercise price	$0.25 - 0.45	$0.25 – 0.45
Expected volatility	$65%	75%
Expected option life	3.36 – 5.61	2.38 – 3.84
Expected dividends	Nil	Nil
Risk-free interest rate (based on government bonds)	3.06% - 3.48%	2.54%

For all current options, once the vesting date has been reached there are no performance conditions attached to these options. No options were excised during the year.

13.4 Directors and Key Management Personnel transactions-audited

Loans to Directors

There have been no loans to any Director or Key Management Personnel or their related parties during the period.

Movement in Shareholdings

2014 Directors	**Held at 1 July 2013**	**Acquisitions**	**Disposals**	**Held at 30 June 2014**
Mr J van der Welle (appointed 10 February 2014)	-	-	-	-
Mr P Hill	180,000	530,000	-	710,000
Mr P Blakey*	41,011,761	-	-	41,011,761
Mr P Taylor*	42,434,867	333,460	-	42,768,327
Mr P Dighton*	-	40,000	-	40,000
Mr D Cronin	-	-	-	-

*Figures include shareholdings by related parties

13. REMUNERATION REPORT - AUDITED (continued)

13.4 Directors and Key Management Personnel transactions-audited (continued)

Other 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 $104,828 (2013: $231,655) to TM Services Limited, a company controlled by Mr P Taylor and Mr P Blakey, for administrative and technical assistance. $33,600 (2013: $33,600), to Law Strategies Pty Ltd, a company controlled by Mr P Dighton, for the provision of a fully serviced Australian office to the Company, and $Nil (2013: $14,551) to Tower Resources Limited, a company controlled by Mr P Taylor and Mr P Blakey, for assistance in London. The Company also paid Law Strategies $3,500 (2013:$16,450) for legal services, Damien Cronin Pty Ltd trading as Law Projects, a company controlled by Mr D Cronin, $42,000 (2013:$48,000) for company secretarial services and Northlands Advisory Services Limited, a company controlled by Mr J van der Welle, $17,302 (2013:Nil) for consulting services. The Company also paid the following consultancy fees to the Directors: $30,000 Mr P Blakey (2013: $30,000) and$30,000 Mr P Taylor (2013:$30,000).

On 10 February, 2014 Global entered into a consultancy agreement with Northlands Advisory Services Limited for the provision of consultancy services for an annual fee of GBP32,500 ($58,855). The contract can be terminated by either party by giving three months' notice.

14. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on Page 20, and forms part of the Directors' Report for the financial year ended 30 June 2014.

15. DIRECTORS' DECLARATION

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

DAMIEN CRONIN
DIRECTOR and COMPANY SECRETARY

29 September 2014

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 2014 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Jason Adams
Partner

Brisbane
29 September 2014

Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	2014 $	2013 $
Assets			
Cash and cash equivalents	14	17,639,320	22,113,332
Trade and other receivables	13	169,304	180,280
Prepayments		102,580	172,496
Current tax receivable	12	-	173,126
Total current assets		**17,911,204**	**22,639,234**
Plant and equipment	10	20,383	25,165
Exploration assets	11	369,908	9,893,158
Total non-current assets		**390,291**	**9,918,323**
TOTAL ASSETS		**18,301,495**	**32,557,557**
Liabilities			
Trade and other payables	19	479,816	437,899
Current tax payable	12	3,741	-
Provisions	20	70,090	53,316
Total current liabilities		**553,647**	**491,215**
Deferred tax liability	12	-	-
Total non-current liabilities		**-**	**-**
TOTAL LIABILITIES		**553,647**	**491,215**
NET ASSETS		**17,747,848**	**32,066,342**
Equity			
Share capital	16	41,574,956	41,574,956
Reserves	16	1,076,950	1,028,085
Accumulated losses	16	(24,904,058)	(10,536,699)
TOTAL EQUITY		**17,747,848**	**32,066,342**

The Notes on pages 27 to 63 are an integral part of these consolidated financial statements

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2014

GLOBAL PETROLEUM LIMITED

	Notes	2014 $	2013 $
Continuing operations			
Salaries and employee benefits expense		(865,393)	(1,023,663)
Administrative expenses		(1,399,573)	(1,406,281)
Other expenses	9	(1,267,427)	(396,863)
Impairment of exploration asset	11	(10,757,276)	-
Foreign exchange gain (loss)		(368,008)	75,494
Equity based remuneration		(101,924)	(219,298)
Results from operating activities before income tax		**(14,759,601)**	**(2,970,611)**
Finance income	8	395,983	780,705
Net finance income		**395,983**	**780,705**
Profit (loss) from continuing operations before tax		**(14,363,618)**	**(2,189,906)**
Income tax benefit (expense)	12	(3,741)	1,412,653
Profit (loss) from continuing operations after tax		**(14,367,359)**	**(777,253)**
Discontinued operations			
Profit (loss) from discontinued operations (net of tax)	6	-	(510,811)
Profit (loss) for the year		**(14,367,359)**	**(1,288,064)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations	16	(53,059)	682,679
Other comprehensive income (loss) for the year, net of tax		**(53,059)**	**682,679**
Total comprehensive income (loss) for the year		**(14,420,418)**	**(605,385)**
Earnings per share			
Basic earnings (loss) per share (cents)	17	(7.203)	(0.646)
Diluted earnings (loss) per share (cents)	17	(7.203)	(0.646)
Earnings per share – continuing operations			
Basic earnings (loss) per share (cents)	17	(7.203)	(0.390)
Diluted earnings (loss) per share (cents)	17	(7.203)	(0.390)

The Notes on pages 27 to 63 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Attributable to owners of the Company				
	Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
2014					
Balance at 1 July 2013	**41,574,956**	**636,540**	**391,545**	**(10,536,699)**	**32,066,342**
Issue or modification of options	-	101,924	-	-	101,924
Total comprehensive (loss) for the year:					
Profit (loss) for the year	-	-	-	(14,367,359)	(14,367,359)
Other comprehensive profit (loss) for the year:					
Foreign currency translation differences	-	-	(53,059)	-	(53,059)
Total comprehensive income (loss) for the year	-	-	(53,059)	(14,367,359)	(14,420,418)
Balance at 30 June 2014	**41,574,956**	**738,464**	**338,486**	**(24,904,058)**	**17,747,848**
2013					
Balance at 1 July 2012	**41,574,956**	**417,242**	**(291,134)**	**(9,248,635)**	**32,452,429**
Issue of options	-	219,298	-	-	219,298
Total comprehensive profit (loss) for the year:					
Profit (loss) for the year	-	-	-	(1,288,064)	(1,288,064)
Other comprehensive profit (loss) for the year:					
Foreign currency translation differences	-	-	682,679	-	682,679
Total comprehensive income (loss) for the year	-	-	682,679	(1,288,064)	(605,385)
Balance at 30 June 2013	**41,574,956**	**636,540**	**391,545**	**(10,536,699)**	**32,066,342**

Amounts are stated net of tax

The Notes on pages 27 to 63 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(3,012,511)	(2,836,319)
Interest received		495,362	789,210
GST refunds received		266,094	2,216
Tax refund	12	173,126	-
Net cash from (used in) operating activities of discontinued operations	6	-	(68,970)
Net cash from (used in) operating activities	15	**(2,077,929)**	**(2,113,863)**
Cash flows from investing activities			
Exploration expenditure		(1,708,645)	(983,771)
Acquisition of plant and equipment	10	-	(27,352)
Net cash from (used in) investing activities of discontinued operations	6	-	491,967
Net cash from (used in) investing activities		**(1,708,645)**	**(519,156)**
Net decrease in cash and cash equivalents		(3,786,574)	(2,633,019)
Cash and cash equivalents at 1 July		22,113,332	24,329,070
Effects of exchange rate fluctuations on cash and cash equivalents		(687,438)	417,281
Cash and cash equivalents at 30 June	14	**17,639,320**	**22,113,332**

The Notes on pages 27 to 63 are an integral part of these consolidated financial statements.

Index to Notes to the Consolidated Financial Statements

GLOBAL PETROLEUM LIMITED

Index to Significant Accounting Policies

1. REPORTING ENTITY

Global Petroleum Limited ("Global") is a company domiciled in Australia. Global is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") and the London Stock Exchange (AIM). The consolidated financial statements of the Company as at and for the twelve months ended 30 June 2014 comprises the Company and its controlled entities (together referred to as the "Group"). The Group is a for-profit entity and is primarily involved in oil and gas exploration and development.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2014 are available upon request from the Company's registered office at Level 5, Toowong Tower, 9 Sherwood Road Brisbane, QLD 4066, Australia or at www.globalpetroleum.com.au.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs")adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on the 29 September 2014.

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

2.3 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.

2.4 Use of estimates and judgements

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

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

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

- Note 11 – Exploration Assets
- Note 12– Taxes
- Note 20– Provisions

2.5 New and amended standards adopted by the Group

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 10 Consolidated Financial Statements (2011) (see Note 2.5(a));
AASB 11 Joint Arrangements (see Note 2.5(b));
AASB 13 Fair Value Measurement (see Note 2.5(c)); and
Annual Improvements to Australian Accounting Standards 2009–2011 Cycle (see Note 2.5(d)).

The nature and the effect of the changes are further explained below.

2. BASIS OF PREPARATION (continued)

2.5 New and amended standards adopted by the Group (continued)

(a) Subsidiaries
As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of AASB 10 (2011), the Group reassessed the control conclusion for its investees at 1 July 2013. As a consequence, the Group has not had to change its control conclusions and accordingly, there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(b) Joint arrangements
As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has reviewed its current position and has determined that no accounting adjustments need to be made. Accordingly, there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(c) Fair value measurement
AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see Note 21).
In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures.

Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

d) Segment information
The amendment to AASB 134 clarifies that the Group needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker. The change had no significant impact on the segment information.

2.6 New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied by the Group in this financial report:

• AASB 9 Financial Instruments was issued and introduces changes in the classification and measurement of financial assets and financial liabilities, and new rules for hedge accounting. This standard becomes mandatory for the Group's 30 June 2018 financial statements. The potential effects on adoption of the standard are yet to be determined.

• AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities amendment to AASB 132 clarifies when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. This amendment becomes mandatory for the Group's 30 June 2015 financial statements.

The potential effects on adoption of the amendments are not expected to have any significant impact on the Group's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Global Petroleum Limited ("Global" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2014.The accounting policies are stated to assist in a general understanding of the consolidated financial statements.

3.1 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Interest in joint operations

A joint operation exists when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group recognises the assets, liabilities, expenses and income in respect of its interest in the joint operation.

Business combinations

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

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

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

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

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

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

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

3.SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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

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

Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group transactions and balances, and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

3.2 Foreign currency

Foreign currency transactions

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Foreign operations

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

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

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

(iii) retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the Consolidated Statement of Financial Position. These differences are recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income in the period in which the operation is disposed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments

The Group classifies its investments in the following category: loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. The classification depends on the purpose for which the investments were acquired.

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 Group 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 Consolidated Statement of Financial Position.

3.4 Exploration and evaluation expenditure

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

Exploration licence acquisition costs are capitalised and assessed for impairment testing every 12 months or when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred except where:

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

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

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

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

Where a determination is made that there is no further value to be extracted from the data licenses then any unamortised balance is written off.

Once management has determined the existence of economically recoverable reserves for an area of interest, deferred costs are reclassified from exploration assets to oil and gas assets on the Consolidated Statement of Financial Position.

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

3.5 Oil and gas assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICES (continued)

3.6 Impairment

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.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Non-Financial assets

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

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

An impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income if the carrying amount of an asset exceeds its recoverable amount.

3.7 Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment and oil and gas assets are no longer amortised or depreciated.

3.8 Employee benefits and share based payments

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 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.

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

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

Where share based payments vest only if non-market performance criteria are met, the value of the share based payment is recognised only when it is likely that such criteria may be met, and the expense recognised is adjusted to reflect the number of awards that ultimately vest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

3.10 Revenue

Sale of oil and gas

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

3.11 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 the 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 futures.

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

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expenses in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority in the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets in a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets, liabilities and tax expense.

3.13 Discontinued operations

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position.

3.15 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.

3.16 Fair value estimation

The fair value of financial instruments in the Group approximates their carrying amounts at the year-end. The Group's financial instruments consist mainly of trade and other receivables, trade and other payables, cash and term deposits.

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Goods and services tax (GST) and Value Added Tax (VAT)

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

(i) where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST/VAT 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.

3.22 Property, plant and equipment

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property plant and equipment are as follows:

Fixtures and fittings	5 - 10 years

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Short-term receivables and payables are recorded at their carrying amount which is a reasonable approximation of fair value. The Group does not hold any financial instruments which are measured using level 2 or 3 in the fair value hierarchy.

4.1 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest. Where this fair value is determined for disclosure purposes the market rate of interest is that at the reporting date. Where this fair value is determined when acquired in a business combination, the market rate of interest is that at the date of acquisition.

4.2 Share-based payment transactions

The fair value of options granted is measured using the Black-Scholes or the Binomial option pricing formula. Measurement inputs include the share price on the grant date, the excise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and risk free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. The fair value is measured at grant date and recognised over the period during which option holders become unconditionally entitled to the options.

5. OPERATING SEGMENTS

Information about reporting segments

The Group operates in the oil and gas exploration, development and production segments as described below:

Continuing operations

Africa – On the 26 August 2011, Global acquired Jupiter Petroleum Limited, a company incorporated in the UK, which conducts all its activities in Southern Africa. It currently holds prospective oil and gas exploration interests in offshore Namibia and offshore Juan de Nova, a French dependency, in the Mozambique Channel.

Discontinued operations

America –On 11June 2013, the Group sold its remaining interest in the Eagle Ford oil and gas production operations and related leases. The Group is no longer operating in this segment.

5 SEGMENT INFORMATION (continued)

(a) Segment revenues and results

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

	Africa		USA (discontinued)		Consolidated	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Segment revenue						
External revenue [1]	-	-	-	180,931	-	180,931
Total revenue	**-**	**-**	**-**	**180,931**	**-**	**180,931**
Segment results						
Segment result	-	-	-	(26,160)	-	(26,160)
Impairment of exploration asset	(10,757,276)	-	-	-	(10,757,276)	-
Gain from sale of asset	-	-	-	(915,791)	-	(915,791)
	(10,757,276)	-	**-**	**(941,951)**	**(10,757,276)**	**(941,951)**
Interest income					395,983	780,705
Net foreign exchange gain (loss)					(368,008)	75,494
Corporate and administration costs					(3,532,393)	(2,815,933)
Equity based remuneration					(101,924)	(219,298)
Profit (loss) before income tax					**(14,363,618)**	**(3,120,983)**
Income tax (expense) benefit for continuing operations					(3,741)	1,401,779[2]
Income tax (expense) benefit for discontinued operations					-	431,140
Profit (loss) for the year					**(14,367,359)**	**(1,288,064)**
Amortisation of oil and gas assets	-	-	-	86,057	-	86,057

[1] Major Customer – Revenues from one customer of the USA Segment represents 100% of the Group's revenue (2013: 100%)

[2] Write back of tax provision. – Note 12

5 SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

	Africa		USA (discontinued)		Consolidated	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Segment assets						
Assets(*)	369,908	9,893,158	-	-	369,908	9,893,158
Total segment assets	**369,908**	**9,893,158**	**-**	**-**	**369,908**	**9,893,158**
Unallocated assets (*)					17,931,587	22,664,399
Consolidated assets					**18,301,495**	**32,557,557**
Segment liabilities						
Liabilities	-	-	-	-	-	-
Total segment liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Unallocated liabilities					553,647	491,215
Consolidated liabilities					**553,647**	**491,215**
Acquisition of non-current assets, including capitalised exploration assets	103,153	527,569	-	-	103,153	527,569

(*) Included in assets and unallocated assets are the following non-current assets: Africa $369,908 (2013: $9,893,158), unallocated assets $20,383 (2013:$25,165)

6. DISCONTINUED OPERATIONS

Oil and gas production wells and licences

On 11 June2013 the Group sold its remaining interest in the Eagle Ford oil and gas production operations and related leases.

Results from discontinued operations

	Note	2014 $	2013 $
Revenue		-	180,931
Cost of sales		-	(106,717)
Administration		-	(14,316)
Amortisation		-	(86,057)
Results from discontinued operating activities		**-**	**(26,159)**
Income tax benefit (expense)	12	-	173,126
Results from discontinued operating activities after tax		**-**	**146,967**
Gain (loss) on sale of discontinued operation		-	(915,792)
Income tax benefit (expense)		-	258,014
Profit (loss) for the year		**-**	**(510,811)**

The loss from the discontinued operations of $Nil, (2013:$510,811) is entirely attributable to the owners of the Company.

Earnings per share of discontinued operations

	2014 Cents per share	2013 Cents per share
Basic earnings per share	-	(0.256)
Diluted earnings per share	-	(0.256)

6. DISCONTINUED OPERATIONS (continued)

Cash flows from (used in) discontinued operations

	Notes	2014 $	2013 $
Cash flows from operating activities			
Oil and gas revenue received		-	343,367
Cash paid to suppliers and employees		-	(416,914)
Interest received		-	4,577
Net cash from (used in) operating activities		**-**	**(68,970)**
Cash flows from investing activities			
Exploration and oil and gas assets expenditure		-	-
Proceeds from sale of exploration assets		-	491,967
Net cash from (used in) investing activities		**-**	**491,967**
Cash flows from financing activities			
Loans		-	-
Net cash from financing activities		**-**	**-**

Effect of discontinued operations on the financial position of the Group

In the year ended 30 June 2013, following the sale of the Eagle Ford oil and gas production operations and related leases the Group received net cash proceeds of $470,445.

7. REVENUE

	Continuing operations		Discontinued operations		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Oil and gas revenue	-	-	-	180,931	-	180,931

8. FINANCEINCOME

	2014 $	2013 $
Interest income	395,983	780,705

9. OTHER EXPENSES

	2014 $	2013 $
Consulting and professional fees	439,605	281,793
Business development	827,832	115,070
	1,267,427	396,863

10. PLANT AND EQUIPMENT

	2014 $	2013 $
Cost	**Fixtures and Fittings**	
Balance at 1 July 2013	27,353	-
Additions	-	27,353
Balance at 30 June 2014	27,353	27,353
Accumulated Depreciation		
Balance at 1 July 2013	2,188	-
Depreciation for the year	4,782	2,188
Balance at 30 June 2014	6,970	2,188
Net carrying amount at 30 June	20,383	25,165

11. EXPLORATION ASSETS

	2014 $	2013 $
Carrying amount at beginning of year	9,893,158	9,081,020
Expenditure incurred and capitalised during the period	990,418	527,569
Impairment of asset	(10,757,276)	-
Foreign currency movement	243,608	284,569
Carrying amount at end of year	369,908	9,893,158

In line with Global's Accounting Policies (refer to Note 3.4) the Group's capitalised exploration expenditure is assessed for impairment every 12 months. As at year end 30 June 2014, the view was taken that the exploration asset held in offshore Namibia was impaired and as such a total amount of $10,757,276 was written off. This amount consisted of both direct exploration expenditure and the exploration Licence. The impairment reflected the fact that recent drilling activities on areas near to the Group's Namibian assets have not proved prospective for hydrocarbons and this has caused the process of identifying a suitable farm-in party to be more difficult. Additionally the Initial Exploration Period of the Group's Namibian Exploration Licence has been extended by the Namibian Government on 22 August 2014 or a further 12 month period to 3 December 2015 on a care and maintenance basis.

During the year, the Group also incurred exploration and evaluation expenditure of $827,822 (2013: $115,070) which has been expensed as business development as it did not meet the criteria for recognition as exploration assets under the Group's accounting policy. (refer to Note 3.4)

12. TAXES

	2014 $	2013 $
Recognised in the Statement of Profit or Loss and Other Comprehensive income		
Current tax (benefit) expense of continuing operations		
Current year	3,741	(335,937)
Adjustments in respect of current income tax for previous years	-	(1,412,653)
	3,741	(1,748,590)
Deferred tax (benefit) expense of continuing operations		
Origination and reversal of temporary differences	-	133,399
Deferred tax assets not brought to account	-	202,538
	-	335,937
Total income tax (benefit) expense in the Statement of Profit or Loss and Other Comprehensive Income	**3,741**	**(1,412,653)**

	2014 $	2013 $
Reconciliation between profit (loss) before tax and tax expense		
Profit (loss) of continuing operations before tax expense	(14,363,618)	(2,189,906)
Prima facie tax expense (benefit) at 22.5% (2012: 30%)	(3,231,814)	(656,972)
Increase (decrease) in income tax expense due to:		
Income assessable for income tax purposes	(93,728)	260,519
Expenditure not deductible for income tax purposes	2,919,602	192,206
Release of provision for tax from prior years	-	(1,412,653)
Adjustment for different tax rates and consequences of changing tax domicile	359,072	1,709
Foreign exchange	-	-
Tax benefit not brought to account		202,538
Income tax (benefit) expense on pre-tax net profit (loss)	**3,741**	**(1,412,653)**

12. TAXES (continued)

Current tax payable

	2014 $	2013 $
Opening balance of tax payable (receivable)	(173,126)	1,678,542
Tax refund received during period	(173,126)	-
Income tax expense (benefit) for the year - continuing operations	3,741	(1,412,653)
Income tax expense (benefit) for the year - discontinuing operations	-	(173,126)
Foreign exchange movement	-	(265,889)
Closing balance of tax payable (receivable)	**3,741**	**(173,126)**

On 1 April 2014, Global Petroleum Limited changed its tax domicile from Australia to the United Kingdom.

During the year ended 30 June 2013, Global established that the provision held for tax payable amounting to $1,412,653 as a result of the Kenyan settlement proceeds received by Star Petroleum International (Kenya) limited, a wholly owned subsidiary of Global, is not assessable in Australia, Kenya or the United Kingdom. As such the provision was reversed in the accounts – resulting in an increase in profit of $1,412,653.

Deferred income tax

	2014 $	2013 $
Deferred tax assets		
Accrued expenses	-	48,095
Tax losses available to offset future taxable income	244,474	463,204
Deferred tax assets used to offset deferred tax liabilities	-	(178,427)
Tax benefit not brought to account	(244,474)	(332,871)
	-	-
Deferred tax liabilities		
Other items	-	34,218
Exploration and evaluation assets	-	-
Foreign exchange	-	144,209
Deferred tax assets used to offset deferred tax liabilities	-	(178,427)
	-	**-**

Deferred tax assets have not been recognised in respect of tax losses because there is no convincing other evidence that future taxable profit will be available against which the Group can utilise the benefits and they amount to $244,474 (2013: $1,544,013).

13. TRADE AND OTHER RECEIVABLES

	Notes	2014 $	2013 $
Current			
Other receivables		169,304	180,280
		169,304	**180,280**

14. CASH AND CASH EQUIVALENTS

	Notes	2014 $	2013 $
Cash at bank and on hand		16,117,687	5,285,145
Term deposits		1,521,633	16,828,187
Cash and cash equivalents in the statement of cash flows		**17,639,320**	**22,113,332**

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15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2014 $	2013 $
Cash flows from operating activities		
Profit (loss) for the year	(14,367,359)	(1,288,064)
Adjustments for items classified as investing/financing activities:	737,249	115,069
Adjustments for non-cash items:		
Income tax expense	3,741	(403,499)
Loss (gain) on sale of oil and gas asset	-	915,791
Amortisation in discontinued operation	-	86,057
Impairment of exploration asset	10,757,276	-
Depreciation of fixtures and fittings	4,782	2,188
Unrealised net foreign exchange (gain) loss	368,008	(75,494)
Equity based remuneration	101,924	219,298
Write back of tax provision	-	(1,412,653)
Changes in operating assets and liabilities, net of effects of purchase of controlled entities during the financial year:		
Decrease (increase) in receivables	254,018	(36,704)
(Decrease) increase in payables	45,658	27,536
(Decrease) increase in provisions	16,774	(262,857)
Net cash from (used in) operating activities	**(2,077,929)**	**(2,113,332)**

Credit standby arrangements with banks

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

Non-cash financing and investing activities

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

16. CAPITAL AND RESERVES

	2014	2013	2014	2013
	Number of shares		$	$
Issued and paid up capital				
On issue at 1 July	**199,444,787**	**199,444,787**	**41,574,956**	**41,574,956**
On issue at 30 June	**199,444,787**	**199,444,787**	**41,574,956**	**41,574,956**

Terms and conditions of ordinary shares

The rights attaching to fully paid ordinary shares (“ordinary shares”) arise from a combination of the Company's Constitution, statute and general law. The shares have no par value and are fully paid ordinary shares.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and Directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

Shares

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

Meetings of members

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

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

Voting

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

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

Changes to the constitution

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

16. CAPITAL AND RESERVES (continued)

Terms and conditions of ordinary shares (continued)

Listing Rules

Provided the Company remains admitted to the Official List of the ASX, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules of the ASX, and authority is given for acts required to be done by the Listing Rules of the ASX.

Reserves

	2014 $	2013 $
Option reserve	738,464	636,540
Foreign currency translation reserve	338,486	391,545
Total Reserves	**1,076,950**	**1,028,085**

Option reserve

The option reserve comprises the cumulative net change in the value of options issued to directors and other personnel and consultants. For more detail see Note 18.

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 Parent Entity.

On 4 April 2014 Star Petroleum Limited was dissolved and is no longer part of the Group. On consolidation any foreign exchange gains/losses relating to translation of this company's financial statements, which was previously recorded in foreign currency translation reserves, was transferred to the consolidated statement of profit and loss.

	2014 $	2013 $
Balance at 1 July	**391,545**	(291,134)
Transfer of foreign exchange reserve on dissolution of company	(312,425)	-
Foreign currency translation differences - foreign operations	259,366	682,679
Balance at 30 June	**338,486**	**391,545**

Accumulated losses

	2014 $	2013 $
Balance at 1 July	**(10,536,699)**	(9,248,635)
Loss for the year	(14,367,359)	(1,288,064)
Total accumulated (losses)	**(24,904,058)**	**(10,536,699)**

16. CAPITAL AND RESERVES (continued)

Terms and conditions of ordinary shares (continued)

Dividends

No dividends have been declared, provided for or paid in respect of the years ended 30 June 2014 or 30 June 2013. With respect to the payment of dividends by Global Petroleum in subsequent reporting periods (if any), no franking credits are currently available.

Share based payments

From time to time, the Group may provide incentive options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required. See Note 18.

17. EARNINGS PER SHARE

	2014 Cents per share	2013 Cents per share
Basic earnings (loss) per share	(7.203)	(0.646)
Diluted earnings (loss) per share	(7.203)	(0.646)
Earnings per share – continuing operations		
Basic earnings (loss) per share	(7.203)	(0.390)
Diluted earnings (loss) per share	(7.203)	(0.390)

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

	2014 $	2013 $
Net profit (loss) used in calculating basic and diluted earnings per share	**(14,367,359)**	**(1,288,064)**
Net profit (loss) used in calculating basic and diluted earnings per share – continuing operations	**(14,367,359)**	**(777,253)**

	Number of shares 2014	Number of shares 2013
Weighted average number of ordinary shares used in calculating basic earnings per share	199,444,787	199,444,787
Effect of dilutive securities	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	199,444,787	199,444,787

18. SHARE BASED PAYMENTS

Refer to the accounting policy in Note 3.8.

On 20 November 2013, the Company cancelled and re-granted 6,300,000 options. All options were re-granted on identical terms to the existing incentive options other than the expiry date which was extended, in the case of Mr. P Hill's options from 2014/2015 to 2017/2018 and for Mr. P Dighton's from 2013 to 2019 – see details below. The changes were accounted for as a modification of a share based payment and, in accordance with AASB2, this resulted in an additional $117,400 expensed to equity based remuneration. A further 300,000 incentive options exercisable at $0.25 on or before 30 June 2019 were issued to Mr. D Cronin following shareholder approval at the 2013 Annual General Meeting with a fair value of $10,200. These options were granted, and vested, on 16 December 2013. This fair value has been recognised as an expense over the vesting period of the options in accordance with accounting standards.

The Company cancelled and re-granted options, approved by shareholders at the 2013 Annual General Meeting as follows:

Cancelled options
P Hill:

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

P Dighton:

300,000 incentive options exercisable at $0.25 each on or before 30 June 2014.

Re-granted options
P Hill:

v. 1,500,000 incentive options exercisable at $0.25 each on or before 1 April 2017, vested on 16 December 2013
vi. 1,750,000 incentive options exercisable at $0.30 each on or before 1 October 2017, vested on 16 December 2013
1,750,000 incentive options exercisable at $0.35 each on or before 1 April 2018, vested on 16 December 2013, and
vii. 1,000,000 incentive options exercisable at $0.45 each on or before 1 October 2018, vested on 16 December 2013

P Dighton:

300,000 incentive options exercisable at $0.25 each on or before 30 June 2019, vested on 16 December 2013

18. SHARE BASED PAYMENTS (continued)

The following table summarises these changes and discloses other movements in unvested options during the year:

	Number of Options	Grant date	Fair Value per option vested in year	% Vested in Year	% Forfeited/ cancelled in year	Exercise date	Exercise Price $	Vesting date
Robert Arnott Director	290,000	4 October 2012	0.037	0	100	1 October 2015	0.30	1 October 2013
	290,000	4 October 2012	0.038	0	100	1 April 2016	0.35	1 April 2014
	170,000	4 October 2012	0.037	0	100	1 October 2016	0.45	1 October 2014
Peter Hill Director	1,500,000	29 November 2011	0.080	0	100*	1 April 2014	0.25	1 April 2012
	1,750,000	29 November 2011	0.082	0	100*	1 October 2014	0.30	1 October 2012
	1,750,000	29 November 2011	0.085	0	100*	1 April 2015	0.35	1 April 2013
	1,000,000	29 November 2011	0.084	0	100*	1 October 2015	0.45	1 October 2013
Peter Hill Director	1,500,000	16 December 2013	0.019	100	0	1 April 2017	0.25	16 December 2013
	1,750,000	16 December 2013	0.019	100	0	1 October 2017	0.30	16 December 2013
	1,750,000	16 December 2013	0.020	100	0	1 April 2018	0.35	16 December 2013
	1,000,000	16 December 2013	0.019	100	0	1 October 2018	0.45	16 December 2013
Peter Dighton Director	300,000	31 December 2011	0.053	0	100*	30 June 2014	0.25	31 December 2011
Peter Dighton Director	300,000	16 December 2013	0.034	100	0	30 June 2019	0.25	16 December 2013
Damien Cronin Director	300,000	16 December 2013	0.034	100	0	30 June 2019	0.25	16 December 2013
Chris Lewis Employee	435,000	4 October 2012	0.037	100	0	1 October 2015	0.35	1 April 2014
	435,000	4 October 2012	0.038	0	100	1 April 2016	0.35	1 April 2014
	255,000	4 October 2012	0.037	0	100	1 October 2016	0.45	1 October 2014

*cancelled

The fair value of the options was determined using the Black Scholes option pricing model or the Binomial options pricing model. The total expense arising from the equity based payments for the year to 30 June 2014 was $127,600 (2013:$219,297).The expected volatility of the options was calculated using the Hoadley's volatility calculator for a four year period, using data extracted from Bloomberg. For the purpose of the valuations above the future estimated volatility level of 65% (2013: 75%) was used in the pricing model.

Dr R Arnott and Mr C Lewis's non-vested options were forfeited upon their resignation on 16 July 2013 and 20 January 2014 respectively.

18. SHARE BASED PAYMENTS (continued)

In the year ended 30 June 2013, the following equity-settled share-based payments were issued.

	Number of Options	Grant date	Fair Value per option at grant date $	% Vested in Year	% Forfeited in year	Exercise date	Exercise Price $	Vesting date
Robert Arnott Director	250,000	4 October 2012	0.036	100	0	1 April 2015	0.25	1 April 2013
	290,000	4 October 2012	0.037	0	0	1 October 2015	0.30	1 October 2013
	290,000	4 October 2012	0.038	0	0	1 April 2016	0.35	1 April 2014
	170,000	4 October 2012	0.037	0	0	1 October 2016	0.45	1 October 2014
Chris Lewis Employee	375,000	4 October 2012	0.036	100	0	1 April 2015	0.25	1 April 2013
	435,000	4 October 2012	0.037	0	0	1 October 2015	0.30	1 October 2013
	435,000	4 October 2012	0.038	0	0	1 April 2016	0.35	1 April 2014
	255,000	4 October 2012	0.037	0	0	1 October 2016	0.45	1 October 2014
	*125,000	4 October 2012	0.036	0	100	1 April 2015	0.25	1 April 2013
	*145,000	4 October 2012	0.037	0	100	1 October 2015	0.30	1 October 2013
	*145,000	4 October 2012	0.038	0	100	1 April 2016	0.35	1 April 2014
	*85,000	4 October 2012	0.037	0	100	1 October 2016	0.45	1 October 2014

*Conditional upon the execution of a farm-out agreement for farm-down of the Company's interest in Namibia before 31 March 2013 – these conditions were not met and the options lapsed on 31 March 2013. On all other options, once the vesting date has been reached there are no exercise conditions attached.

The fair value of the options was determined using the Black Scholes option pricing model and the Binomial options pricing model. The total expense arising from the share based payments for period to 30 June 2013 was $219,297. The expected volatility of the options was calculated using the Hoadley's volatility calculator for a three year period, using data extracted from Bloomberg. For the purpose of the valuations above the future estimated volatility level of 75% was used in the pricing model.

18. SHARE BASED PAYMENTS (continued)

Measurement of fair value

The fair value of the options granted through share based incentive scheme was measured based on the Black Scholes model and on a binomial option pricing model.

	Year ended 30 June 2014	Year ended 30 June 2013
Fair value at grant date	$0.019 – 0.034	$0.038 – 0.0250
Share price	$0.09	$0.13
Exercise price	$0.25 – 0.45	$0.25 – 0.45
Expected volatility	65%	75%
Expected option life (years)	3.36 – 5.61	2.38 – 3.84
Expected dividends	Nil	Nil
Risk-free interest rate (based on government bonds)	3.06%-3.48%	2.54%

Reconciliation of outstanding share options

The number and weighted average exercise prices of the share options under the share option scheme are as follows:

	Number of options 2014	Weighted average exercise prices 2014 $	Number of options 2013	Weighted average exercise prices 2013 $
Outstanding at 1 July	9,200,000	0.318	6,700,000	0.318
Cancelled during the year	7,740,000	0.328		
Granted during the year	6,600,000	0.320	3,000,000	0.327
Options exercised during the year	-	-	-	-
Options expired/lapsed during the period	-	-	500,000	0.327
Outstanding at 30 June	8,060,000	0.310	9,200,000	0.318
Exercisable at 30 June	8,060,000	0.310	6,200,000	0.297

19. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables	29,515	165,415
Accrued expenses	450,301	272,484
Balance at 30 June	**479,816**	**437,899**

20. PROVISIONS

	Notes	2014 $	2013 $
Current			
Employee benefits		70,090	53,316
		70,090	**53,316**

21. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Interest rate risk; and
- Foreign currency risk.

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives. Policies and processes for measuring and managing risk, and the Groups management of capital.

21.1 Overview

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

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

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

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

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

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

21. FINANCIAL INSTRUMENTS (continued)

21.2 Credit risk

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

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

	2014 $	2013 $
Cash and cash equivalents	17,639,320	22,113,332
Trade and other receivables	169,304	353,406
	17,808,624	**22,466,738**

Trade and other receivables comprise loans, accrued interest, GST, VAT 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 2014, none (2013: none) of the Group's receivables are past due. No impairment losses have been recognised in the Consolidated Statement of Comprehensive Income.

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Cash and cash equivalents are held with Barclays Bank Plc (“Barclays”), ANZ banking Group Limited (“ANZ”) and Bank of Queensland Limited (“BOQ”). Barclays has a long term credit rating (Standard & Poor's) of A-(2013: A) and ANZ and BOQ have ratings of AA- and A- respectively (2013: A-1+ and BBB+).

21.3 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 2014, 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 $
2014 Financial liabilities					
Trade and other payables	479,816	-	-	-	479,816
	479,816	**-**	**-**	**-**	479,816
2013 Financial liabilities					
Trade and other payables	437,899	-	-	-	437,899
	437,899	**-**	**-**	**-**	437,899

21. FINANCIAL INSTRUMENTS (continued)

21.4 Interest rate risk

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

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

At the reporting date, the cash and cash equivalents balance included A$14,727,579(2013: A$5,274,438) held in USD and UKP that were low interest bearing. Cash balances that were interest bearing as disclosed below:

	2014 $	2013 $
Interest bearing financial instruments		
Cash at bank and on hand	1,390,108	10,707
Term deposits	1,521,633	16,828,187
	2,911,741	**16,838,894**

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 2.5% (2013: 4.74%).

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

Interest rate sensitivity

A sensitivity of 20% increase or decrease to the existing floating rate has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 20% movement in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular cash balances and foreign currency rates, remain constant during the year. The analysis is performed on the same basis for 2013. This analysis is prepared based on cash balances as at year end and is considered representative of the risk during the year.

	Profit or Loss	
	20% Increase	**20% Decrease**
2014		
Cash and cash equivalents	80,832	(80,832)
2013		
Cash and cash equivalents	157,154	(157,154)

21. FINANCIAL INSTRUMENTS (continued)

21.5 Foreign currency risk

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

As at 30 June 2014, the Group had USD denominated deposits of US$11,469,301(A$12,181,087). As at 30 June 2013, the Group had USD denominated deposits of US$4,687,875 (A$5,125,693). As at 30 June 2014, the Group had GBP1,406,187 (A$2,546,492). As at 30 June 2013, the Group had GBP89,439 (A$148,726).

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.

21.6 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 2014 would have decreased equity for the year for the Group by A$195,467 (2013: A$337,581) and would have decreased the profit or loss of the Group by A$911,904(2013: A$88,202). 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 2014would have increased equity for the year for the Group by A$238,904(2013: A$412,599), and have increased the profit or loss for the year for the Group by A$1,114,549 (2013: A$107,802) on the basis that all other variables remain constant.

21.7 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.

21.8 Fair value

The net fair value of financial assets and financial liabilities approximates their carrying value.

22. CAPITAL COMMITMENTS

22.1 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 statements. 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.

22. CAPITAL COMMITMENTS (continued)

22.2 Joint venture commitments

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

Namibian Petroleum Exploration Licence

(a) **Initial Exploration Period** (First four years of Licence commencing on 3 December 2010. On 22 August 2014 the Namibian Government extended only this Initial Exploration Period by 12 months to 3 December 2015):

Undertake geological, geochemical, geophysical and related studies and review all existing gravity and magnetic data, and other available information, including the purchase of existing relevant and reasonable quality seismic data, and acquire process and interpret a minimum of 1,000 kms of 2-D seismic data. Minimum exploration expenditure for the Initial Exploration Period: US$1 million (A$ 1.062 million). To date US$2.88 million (A$2.90 million) has been spent.

(b) **First Renewal Exploration Period** (Two years from 3 December 2014):

The drilling of one exploration well. Minimum exploration expenditure for the First Renewal Exploration Period: US$20 million (A$21.24 million).

(c) **Second Renewal Period** (Two years from 3 December 2016):

Acquisition, processing and interpretation of additional seismic data (if necessary) and the drilling of one exploration well. Minimum exploration expenditure for the Second Renewal Exploration Period: US$20 million (A$21.24 million), or US$21 million (A$22.3 million) if new seismic is required.

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

Juan de Nova Permit

The current Licence term ended on 31 December 2013. An application was made on 28 August 2013 to renew the permit for a further period. This renewal process in ongoing. If the Licence renewal is successful, Jupiter will be the operator and hold a 50% equity and paying interest. The likely work program following award of the Licence is a 2D seismic survey over the most prospective part of the block with some further mapping and modeling. The estimated cost is A$2.1m, net to Jupiter to be spent in the eighteen month period following award of the Licence.

23. CONTINGENCIES

23.1 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 2014and 30 June 2013.

23.2 Joint operations

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. RELATED PARTIES

24.1 Ultimate parent

Global Petroleum Limited is the ultimate parent entity of the Group.

24.2 Key management personnel

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

Directors

Mr John van der Welle	Non-Executive Chairman (appointed 10 February 2014)
Dr Robert Arnott	Non-Executive Chairman (appointed 4 October 2012, resigned 16 July 2013)
Mr Peter Hill	Managing Director and Chief Executive Officer
Mr Peter Blakey	Non-Executive Director (appointed Non-Executive Chairman 16 July 2013, resigned as Non-Executive Chairman 10 February 2014)
Mr Peter Taylor	Non-Executive Director
Mr Peter Dighton	Non-Executive Director
Mr Damien Cronin	Non-Executive Director and Company Secretary

24.3 Key management personnel compensation

	2014 $	2013 $
Short-term employee benefits	636,229	625,386
Share based payments	121,946	169,680
Post-employment benefits	58,610	55,285
Total compensation	**816,785**	**850,351**

24.4 Individual Director and executive compensation disclosure

Information regarding individual Director and executive compensation and some equity instruments disclosed as required by Corporations Regulation 2 M.3.03 is provided in the Remuneration Report part of the Directors' Report.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

24. RELATED PARTIES (continued)

24.5 Options and rights over equity instruments

Other than as discussed at Note 18, no options were held by key management personnel or related parties during the year ended 30 June 2014. No options were held by key management personnel or related parties during the year ended 30 June 2013.

(a) 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 $104,828 (2013: $231,655) to TM Services Limited, a company controlled by Mr P Taylor and Mr P Blakey, for administrative and technical assistance, $33,600 (2013: $33,600) to Law Strategies Pty Ltd, a company controlled by Mr P Dighton, for the provision of a fully serviced Australian office to the Company, and $Nil (2013: $14,551) to Tower Resources Limited, a company controlled by Mr P Taylor and Mr P Blakey, for assistance in London. The Company also paid Law Strategies Pty Ltd $3,500(2013:$16,450) for legal services, Damien Cronin Pty Ltd trading as Law Projects, a company controlled by Mr D Cronin, $42,000(2013:$48,000) for company secretarial services and Northlands Advisory Services Limited, a company controlled by Mr J van der Welle, $17,302 (2013:Nil) for consulting services. The Company also paid the following consultancy fees to the Directors: $30,000 Mr P Blakey (2013:$30,000) and$30,000 Mr P Taylor (2013:$30,000).

On 10 February 2014 Global entered into a consultancy agreement with Northlands Advisory Services Limited for the provision of consultancy services for an annual fee of GBP32,500 ($58,855). The contract can be terminated by either party by giving three months’ notice.

25. GROUP ENTITIES

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

		Ownership interest	
	Country of incorporation	2014 %	2013 %
Parent entity			
Global Petroleum Limited	Australia		
Subsidiaries			
Global Petroleum UK Limited	United Kingdom	100	100
Star Petroleum Plc. (1)	United Kingdom	N/A	100
Star Petroleum International (Kenya) Limited *(1)	British Virgin Islands	N/A	100
Dampier Oil Pty Ltd*(2)	Australia	100	100
Global Mine Management Pty Limited *(2)	Australia	100	100
Global Petroleum (USA) Pty Ltd*(2)	Australia	100	100
GP Exploration Inc.* (2)	United States of America	100	100
Jupiter Petroleum Limited*	United Kingdom	100	100
Jupiter Petroleum (Namibia) Limited*	British Virgin Islands	100	100
Jupiter Petroleum Juan De Nova Limited*	British Virgin Islands	100	100

* No separate audit opinion issued as not required in place of incorporation.

(1)The Company dissolved Star Petroleum Plc (“Star”) in April 2014 and Star Petroleum International (Kenya) Limited in April 2013. These companies were dormant for many years and the decision to dissolve was made in order to reduce both costs and administration. On dissolving Star, the Group recognised a foreign exchange translation gain of $312,425. There are no cash flow effects relating to this transaction.

(2)During 2014 the Group has also commenced procedures to dissolve Dampier Oil Pty Ltd, Global Mine Management Pty Ltd (both now dissolved), Global Petroleum (USA) Pty Ltd and GP Exploration Inc in order to reduce both costs and administration.

Interests in joint operations

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

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

25. GROUP ENTITIES (continued)

Interests in joint operations (continued)

	2014 $	2013 $
Current assets		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
Assets held for sale	-	-
Total current assets	**-**	**-**
Non-current assets		
Oil and gas assets	-	-
Exploration asset	369,908	9,893,158
Total non-current assets	369,908	9,893,158
TOTAL ASSETS	**369,908**	**9,893,158**
Current liabilities		
Trade and other payables	-	203,622
Current tax payable	-	-
Oil and gas liabilities held for sale	-	-
Total current liabilities	**-**	**203,622**
Non-current liabilities		
Provisions	-	-
Deferred tax liability	-	-
Total non-current liabilities	**-**	**-**
TOTAL LIABILITIES	**-**	**203,622**
NET ASSETS	**369,908**	**9,689,536**

For income and expenses attributable to joint operations refer to Notes 5 and6.

25. GROUP ENTITIES (continued)

Interests in joint operations (continued)

	Notes	Joint Venture % Interest Held 2014 %	2013 %
Namibia – Petroleum Exploration Licence No.0029	12	85	85
Juan de Nova Est. Permit	12	30	30

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

26. SUBSEQUENT EVENTS

As at the date of this report, there are no matters or circumstances which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

(iv) the operations, in financial years subsequent to 30 June 2014 of the Consolidated Entity;
(v) the results of those operations, in financials years subsequent to 30 June 2014 of the Consolidated Entity; or
(vi) the state of affairs, in financial years subsequent to 30 June 2014 of the Consolidated Entity.

27. AUDITORS' REMUNERATION

	2014 $	2013 $
Audit services:		
Auditors of the Group, KPMG Australia – audit and review of financial reports	78,500	102,437
Other auditors – audit and review of financial reports	-	3,896
	78,500	**106,333**
Other services:		
Auditors of the Group, KPMG Australia		
-assurance, taxation and due diligence services	16,000	48,500
Other auditors		
-assurance and administration on BVI resident companies	-	-
	16,000	**48,500**
	94,500	**154,833**

28. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2014 the parent entity of the Group was Global Petroleum Limited.

	2014 $	2013 $
(a) Financial position		
Assets		
Current assets	15,728,590	18,310,526
Non-current assets	3,397,456	7,362,203
Total assets	19,126,046	25,672,729
Liabilities		
Current liabilities	542,433	342,572
Non-current liabilities	-	27,740,319
Total liabilities	542,433	28,082,891
Net assets/(liabilities)	**18,583,613**	**(2,410,162)**
Equity		
Issued capital	41,574, 956	41,574, 956
Option premium reserve	738,464	636,540
Accumulated losses	(23,729,807)	(44,621,658)
Total equity	**18,583,613**	**(2,410,162)**
(b) Financial performance		
(Loss) for the year	20,891,851(1)	1,906,269(2)
Total comprehensive gain (loss)	20,891,851	1,906,269

At 30 June 2013, the Parent Entity has no capital commitments (2012: nil)

(1) The loss is net of a management fee charged by Global to its subsidiaries of $197,677 (2013: $868,395), impairment of its exploration investment of $6,281,334 (2013: Nil) and a provision against the intercompany loan with Jupiter Petroleum (Namibia) Limited $2,974,479 (2013: Nil). In addition, following the decision to dissolve Dampier Oil Pty Ltd and Global Mine Management Pty Ltd, Global's investment in these companies were fully provided against ($925,623) and intercompany debt owed by Global to these companies was forgiven ($34,714,780) during the year ended 30 June 2014.

(2)In year ended 30 June 2013, following the decision to dissolve Star Petroleum International (Kenya) Limited ('Star Kenya') the intercompany debt owed by Global to Star Kenya was forgiven, this resulted a write back of the loan in Global's accounts for a total amount of $3,217,109.

DIRECTORS' DECLARATION

(1) In the opinion of the Directors of Global Petroleum Limited:

(a) the Consolidated financial statements and Notes that are set out on pages 27 to 63 and the Remuneration Report in Section13 in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

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

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

(2) The Directors draw attention to Note 2 to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

(3) The Directors have been given a declaration required by Section 295A of the Corporations Act 2001 from the chief executive officer for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors of Global Petroleum Limited

DAMIEN CRONIN

Director and Company Secretary

29 September 2014, at Brisbane

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 consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2.1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its 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 the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.1.

Report on the remuneration report

We have audited the remuneration report included in Section 13 of the directors' report for the year ended 30 June 2014. 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 2014 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Jason Adams
Partner

Brisbane
29 September 2014

Corporate Governance Statements

To ensure the Company operates effectively and in the best interests of shareholders, having regard to the nature of the Company's activities and its size, the Board has adopted the revised Corporate Governance Principles and Recommendations 2nd Edition (as amended at 30 June 2010) issued by the ASX Corporate Governance Council, subject to the exceptions noted below.

Principles and Recommendations	Adoption Yes/No	If not, Explanation Provided
Principle 1 – Lay solid foundations for management and oversight		
Recommendation 1.1 - Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	
Recommendation 1.2 - Companies should disclose the process for evaluating the performance of senior executives.	Yes	
Recommendation 1.3 - Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	
Principle 2 – Structure the Board to add value		
Recommendation 2.1 - A majority of the Board should be independent Directors.	No	Yes
Recommendation 2.2 - The Chairman should be an independent Director.	Yes	
Recommendation 2.3 - The roles of Chairman and Chief Executive Officer should not be exercised by the same individual.	Yes	
Recommendation 2.4 - The Board should establish a nomination committee.	No	Yes
Recommendation 2.5 - Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes	
Recommendation 2.6 - Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	

Principle 3 – Promote ethical and responsible decision-making		
Recommendation 3.1 - Companies should establish a Code of Conduct and disclose the Code or a summary of the Code as to: • the practices necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
Recommendation 3.2 – Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. That policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	No	Yes
Recommendation 3.3 - Companies should disclose in each annual report the measurable objectives set by the Board in accordance with the diversity policy and progress towards achieving them.	No	Yes
Recommendation 3.4 – Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	No	Yes
Recommendation 3.5 – Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	
Principle 4 – Safeguard integrity in financial reporting		
Recommendation 4.1 - The Board should establish an audit committee.	No	Yes
Recommendation 4.2 - The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent Chairman, who is not Chairman of the Board; and • has at least three members.	No	Yes
Recommendation 4.3 - The audit committee should have a formal charter.	No	Yes
Recommendation 4.4 - Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	
Principle 5 – Make timely and balanced disclosure		
Recommendation 5.1 - Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	
Recommendation 5.2 - Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	
Principle 6 – Respect the rights of shareholders		
Recommendation 6.1 - Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	
Recommendation 6.2 - Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	

Principle 7 – Recognise and manage risk		
Recommendation 7.1 - Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	
Recommendation 7.2 - The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	
Recommendation 7.3 - The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	
Recommendation 7.4 - Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	
Principle 8 – Remunerate fairly and responsibly		
Recommendation 8.1 - The Board should establish a remuneration committee.	No	Yes
Recommendation 8.2 - The remuneration committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an independent Director; and • has at least three members	No	Yes
Recommendation 8.3 - Companies should clearly distinguish the structure of Non-Executive Director's remuneration from that of Executive Directors and senior executives.	Yes	
Recommendation 8.4 – Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	

Board of Directors

Principle 1 – Lay solid foundations for management, Principle 2 – Structure the Board to add value, and Principle 4 – Safeguard integrity in financial reporting

Role of the Board and Management

The Board of Directors of Global Petroleum Limited is responsible for its corporate governance, that is, the system by which the Group is managed. The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

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

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

Board of Directors (continued)

Principle 1 – Lay solid foundations for management, Principle 2 – Structure the Board to add value, and Principle 4 – Safeguard integrity in financial reporting

Role of the Board and Management (continued)

The Board has sole responsibility for the following:

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

The Board has formalised the respective roles and responsibilities of the Board and management in a Board Charter (incorporating a Role Statement, a Corporate Governance Statement and a Directors' Code of Conduct). A copy of the Board Charter is available on the Company's website. The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

Director and executive education

The Board considers that its Directors are suitably qualified and experienced to fulfil their roles, and that the Board possesses the correct mix of skills for the Board to be able to carry out its function effectively. The Board has in place systems and procedures to ensure Directors receive continuing education to ensure they are up to date with their responsibilities as Directors and carry out the work of their roles effectively and efficiently.

Independent professional advice and access to Company information

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Board of Directors (continued)

Composition of the Board and New Appointments

Details of the Directors, including their qualifications, experience and date of appointment are set out in the Directors' Report on pages 8 and 9.

The Company's Constitution provides that the number of Directors is not to be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the Directors and has determined that there are currently three independent Directors, being Messrs, Cronin, Dighton and van der Welle.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the Directors which define an independent director to be a Director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a Director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual Director's net worth is considered material for these purposes.

TM Services Limited, a company associated with Messrs Blakey and Taylor, is paid a monthly retainer to provide administrative services to the Company. Law Strategies Pty Ltd, a company associated with Mr Dighton, is paid a monthly retainer to provide an office to the Company as its registered office. Damien Cronin Pty Ltd trading as Law Projects, a company associated with Mr Cronin, is paid to provide company secretarial services to the Company. The Board considers that these relationships are not material or significant enough to impact the independent judgment of Messrs Blakey, Taylor, Dighton and Cronin.

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

Board of Directors (continued)

Composition of the Board and New Appointments (continued)

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine the optimum number of Directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board includes quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of a compulsory retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke this appointment according to the terms of this agreement (refer to Section 13.2 of the Remuneration Report).

Committees of the Board

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

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

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

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

Principle 7 – Recognise and manage risk and Principle 4 – Safeguard and integrity in financial reporting

Oversight of the risk management system

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value. The Board has adopted a Risk Management Policy.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

Committees of the Board (continued)

Principle 7 – Recognise and manage risk and Principle 4 – Safeguard and integrity in financial reporting (continued)

Risk profile

The Group has a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in oil and gas prices and exchange rates;
- accuracy of oil and gas reserve estimates;
- reliance on licenses, permits and approvals from governmental authorities; and
- changed operating, market or regulatory environments.

Risk management

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

Risk management and compliance and control

The Board is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. The Company Secretary reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2014 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

Quality and integrity of personnel

The Board regularly reviews the performance of its personnel against the Company's Code of Ethics and Conduct to ensure the quality and integrity of its personnel.

Integrity of financial reporting

The Board also receives a written assurance from the Chief Executive Officer, Mr Peter Hill and the Chief Financial Officer (CFO) or equivalent wthin Davis & Co, the Company's external accountants, that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

Risk management (continued)

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.

Ethical standards

Principle 3 - Promote ethical and responsible decision making

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

Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting while the item is considered.

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors. A copy of the Directors' Code of Conduct is incorporated in the Board Charter and is available on the Company's website.

The principles of the code are:

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

Ethical standards (continued)

Principle 3 - Promote ethical and responsible decision making (continued)

- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

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

Employee Code of Business Conduct

The Employee Code of Business Conduct provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and Directors are expected to:

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

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

Trading in general Company securities by Directors and employees

The Group's Securities Trading Policy imposes trading restrictions on when KMP and other employees of the Group may deal in the Company's securities, in order to reduce the risk of insider trading. A copy is available on the Company's website.

The Securities Trading Policy prohibits KMP and other employees from dealing in the Company's securities if he or she has information that he or she knows, or ought to reasonably know, is inside information. 'Inside information' is information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

The Securities Trading Policy also provides prescribed closed periods during which KMP are prohibited from dealing in the Company's securities (subject to certain limited exceptions). The 'closed periods' are based around the release of material information including annual and half yearly results, quarterly cash flow reports, and results from feasibility studies, exploration and corporate activities.

Ethical standards (continued)

In addition, if an employee (including a KMP) has information that he or she knows, or ought reasonably to know, is inside information, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to deal in the Company's securities or procure another person to deal in the Company's securities. This prohibition applies regardless of how the employee learns the information (e.g. even if the employee overhears it or is told in a social setting).

KMP must obtain written clearance from an approving officer at least two business days prior when a KMP intends to deal in Company securities. KMP must then notify the Company Secretary of any dealings in the Company's securities within two business days of such deal occurring.

Interests of Other Stakeholders

The Group's objective is to leverage into oil and gas projects to provide a solid base in the future from which the Group can build its oil and gas business and create wealth for shareholders. The Group'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 the Group to achieve.

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

Communication with shareholders

Principle 5 – Make timely and balanced disclosure and Principle 6 – Respect the rights of Shareholders

Continuous Disclosure to the Australian Securities Exchange ('ASX')

The Group's Continuous Disclosure Policy requires all executives and Directors to inform the Chairman or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information. A copy is available on the Company's website.

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

Information need not be disclosed if:

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

b) The information is confidential; or

c) One of the following applies:

   i. It would breach a law or regulation to disclose the information;

   ii. The information concerns an incomplete proposal or negotiation;

   iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

   iv. The information is generated for internal management purposes;

   v. The information is a trade secret;

   vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information; or

   vii. The information is scientific data that release of which may benefit the Group's potential competitors.

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

Communication with shareholders (continued)

Communication with Shareholders

The Group places considerable importance on effective communications with shareholders.

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

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

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

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

Diversity

Principle 3 – Promote ethical and responsible decision making

Since the Company does not have a significant staff size, the Board as a whole is responsible for ensuring that diversity principles are considered in matters of staff selection and in ensuring that all legislation promoting gender and ethnic diversity and equal opportunity are observed. As the Company grows and staff numbers increase the Board will set measurable objectives for the promotion of diversity within its Board and staff.

The shareholder information set out below was applicable as at 29 September 2014.

1. TWENTY LARGEST SHAREHOLDERS

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

		Ordinary Shares	
		Number	Percentage
1	Computershare Clearing Pty Ltd <CCNL DI A/C>	59,540,050	29.85%
2	Mr Peter Blakey	37,780,866	18.94%
3	Mr Peter Taylor	36,224,866	18.16%
4	Mrs Sandra Anne David	6,845,660	3.43%
5	Nefco Nominees Pty Ltd	4,862,923	2.44%
6	Mr Thomas Patrick Cross & Ms Linda Cross	2,776,400	1.39%
7	TM Services Limited	2,636,905	1.32%
8	Humbolt Capital Corporation	1,695,903	0.85%
9	I P M Personal Pension Trustees Limited	1,556,000	0.78%
10	Mr Brian Crawshaw	1,500,000	0.75%
11	Arredo Pty Ltd	1,430,000	0.72%
12	Mr Terrence Peter Williamson & Ms Jonine Maree Jancey<The Wiljan Super Fund A/C>	1,400,000	0.70%
13	Mrs Carmel Elizabeth Whiting	1,100,000	0.55%
14	Piat Corp Pty Ltd<PO Box 1727, West Perth WA 6872>	1,000,000	0.50%
15	Piat Corp Pty Ltd<21 Kings Road, Subiaco WA 6008>	1,000,000	0.50%
16	Mr Michael Andrew Whiting & Mrs Tracey Anne Whiting <Whiting Family S/F A/C>	1,000,000	0.50%
17	JP Morgan Nominees Australia Limited	898,827	0.45%
18	Mr Robert Hastings Smythe<Super Fund A/C>	871,800	0.44%
19	Mr Peter Gerard Hill	710,000	0.36%
20	HSBC Nominees (Australai) Limited	627,590	0.31%
	Total Top 20	**165,457,790**	**82.96%**
	Others	33,986,997	17.04%
	Total Ordinary Shares on Issue	**199,444,787**	**100.00%**

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

			Ordinary Shares	
			Number of Shareholders	Number of Shares
1	–	1,000	844	374,056
1,001	–	5,000	658	1,732,953
5,001	–	10,000	212	1,681,831
10,001	–	100,000	403	12,869,257
100,001		and over	91	182,786,690
			2,208	**199,444,787**
The number of shareholders holding less than a marketable parcel of shares are:			**1,587**	**2,629,243**

3. VOTING RIGHTS

See Note 16 of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

As at 29 September 2014, Substantial Shareholder notices have previously been received from the following (current for the number of voting rights as at the date of the notices):

Substantial Shareholder	Number of Votes
Peter Blakey	80,590,770
Peter Taylor	80,590,770

5. UNQUOTED SECURITIES

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

Options

	Incentive Options
Peter Hill - $0.25 incentive options	1,500,000
Peter Hill - $0.30 incentive options	1,750,000
Peter Hill - $0.35 incentive options	1,750,000
Peter Hill - $0.45 incentive options	1,000,000
Total Peter Hill incentive options	**6,000,000**
Christopher Lewis - $0.25 incentive options	375,000
Christopher Lewis - $0.30 incentive options	435,000
Total Christopher Lewis incentive options	**810,000**
Total unquoted securities on issue	**7,660,000**

6. ON-MARKET BUY BACK

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

7. EXPLORATION/PROJECT INTERESTS

As at 29 September 2014, the Company has an interest in the following projects:

Project	Interest
Namibia	
Petroleum Exploration Licence No.0029	85% WI
Juan de Nova	
Juan de Nova Est Permit	30% WI

GLOBAL PETROLEUM LIMITED

Investigation | Exploration | Growth

www.globalpetroleum.com.au

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