



GLOBAL
PETROLEUM
LIMITED
ABN 68 064 120 896

ANNUAL FINANCIAL REPORT

30 JUNE 2018

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 2018 ("Consolidated Entity" or "Group").

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Directors' Report

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26 September 2018

Dear Shareholders

We are pleased to present to you the Global Petroleum 2018 Annual Report. Since we wrote to you a year ago in the last Annual Report, Global has continued to make good progress with its offshore Namibian acreage, and the hearings of the appeals against the first two Environmental Decrees in respect of our Italian Adriatic Sea licence applications are expected to take place in Q4 2018.

In terms of the wider economic picture during the last financial year, commodity prices have significantly improved with the Brent oil price averaging \$63 per barrel during the reporting year to 30 June 2018, compared to \$51 in the preceding year to end June 2017. Consequently, there has been increased operational and commercial activity within the upstream industry generally, and two wells are scheduled to spud during the second half of 2018 offshore Namibia one of which is marginally outside the Walvis Basin, where our acreage is located. Attracting capital for exploration activities remains challenging, however financing is available for the right opportunities, as particularly demonstrated within the London capital markets.

During the reporting period the Company completed a 2D seismic acquisition programme over its two operated blocks held under Petroleum Exploration Licence 0029 ("PEL 0029") in Namibia. Processing and interpretation of the data was completed in October 2017 with the new information indicating significantly improved prospectivity across the blocks.

Accordingly, the Company commissioned a Competent Persons Report ("CPR") in respect of its acreage from consultants AGR TRACS, which was completed in the reporting period. Prospective resources have been calculated on three prospects: the Company's primary structure, Gemsbok, as well as Dik-Dik and Lion. The results of the CPR are set out in more detail in the Company's announcement dated 15 January 2018.

In late 2017 the Company negotiated and agreed with the Namibian Ministry of Mines and Energy ("MME") an extension of the First Renewal Exploration Period (Phase 2) of PEL 0029 for a period of 12 months until December 2018. In addition, the MME has agreed entry into the Second Renewal Period (Phase 3) effective from December 2018 for a period of two years.

Following the release of the CPR, the Company appointed Stellar Energy Advisors, a specialised independent advisor providing acquisition and divestment services to upstream companies in the oil and gas business to provide support to the farm-out process. The farm-out process of the Company's Namibian acreage is designed with a view to seeking a partner to fund future operations on the blocks, commencing with the acquisition of 3D seismic data in accordance with the extension work programme agreed with the MME.

In the period since 30 June 2018, the Company was pleased to announce that it signed a Petroleum Agreement to acquire Block 2011A offshore Namibia via its wholly owned subsidiary Global Petroleum Namibia Limited.

Block 2011A is located in the northern Walvis Basin, immediately to the east of the Company's current licence, PEL 0029. The combination of the two licences increases the Company's presence in the region to 11,607 square kilometres offshore Namibia, making Global one of the largest net acreage holders within the region.

The Company believes that Block 2011A contains the same plays as those outlined in the CPR for PEL 0029. Regarding the Repsol operated Welwitschia-1 well drilled in the western part of Block 2011A in 2014, Global believes that there is significant prospectivity, similar to that in PEL 0029 – in the deeper Albian Carbonates, which Welwitschia-1A did not reach. (See Note 7.3 Subsequent Event for further detail).

In Italy, as previously reported, various local authorities and interest groups appealed against the Environmental Decrees in relation to applications d 82 F.R-GP and d 83 F.R-GP, which were published in October 2016. Publication of Environmental Decrees is the final administrative stage before grant of the Permits, and the Company has been notified that the appeals will be heard by the Latium Administrative Tribunal (Rome) in October 2018.

The Company announced in October 2017 that the remaining two Environmental Decrees in relation to the Permit Applications, designated d 80 F.R-GP and 81 F.R-GP, had been published by the Italian authorities.

As with the previous two Environmental Decrees, a number of appeals by various interested parties against the later Environmental Decrees have been made. The Company has been notified that these further appeals will be heard by the Latium Tribunal in November 2018.

The Company remains confident of the prospectivity of the application areas despite the continued delays with the granting of the licences and is encouraged by the calibre of companies with similar applications and or licences within the Southern Adriatic region.

Financial

During the year ended 30 June 2018, the Group recorded a loss after tax of US\$1,965,570 (2017: loss US\$1,856,463). Cash balances at 30 June 2018 amounted to US\$4,928,998 (2017: US\$7,807,605). The Group has no debt.

Strategy and Outlook

The Company continues to monitor further exploration opportunities which may complement the Company's existing exploration assets offshore Namibia and remains encouraged by the recent increase in exploration activity both within the region and beyond. In Namibia, wells are scheduled to be drilled by both Tullow Oil and Chariot Oil & Gas in 2H 2018 – the Tullow well spudded and completed in September.

We look forward to meeting Shareholders at the Company's Annual General Meeting later in 2018.

John van der Welle
Non-Executive Chairman

Peter G. Hill
Chief Executive Officer

1. OPERATING AND FINANCIAL REVIEW

Namibian Project

The Namibian Project consists of (a) an 85% participating interest in PEL 0029 ("Licence") covering Blocks 1910B and 2010A in the Republic of Namibia and (b) Block 2011A in the Walvis Basin granted during the period subsequent to 30 June 2018.

PEL 0029

PEL 0029, issued on 3 December 2010, originally covered 11,730 square kilometres and is located offshore Namibia in water depths ranging from 1,300 metres to 3,000 metres (Figure 1).

The Company's wholly owned subsidiary, Global Petroleum Namibia Limited, is the operator of the Licence, with an 85% interest in the two blocks. Partners NAMCOR and Bronze Investments Pty Ltd (Bronze) hold 10% and 5% respectively, both as carried interests.

In December 2015, the Company entered into the First Renewal Exploration Period (Phase 2) of the Licence with a reduced Minimum Work Programme, making a mandatory relinquishment of 50% of the Licence Area. Phase 2 originally had a duration of 24 months.

Following reprocessing and evaluation of historic 2D data - as previously reported, the Company entered into a contract with Seabird Exploration of Norway in order to acquire 834 km of full fold 2D seismic data over its Blocks, which was shot in June/July 2017. Processing and interpretation of the new 2D seismic data was completed early in Q4 2017.

The new information significantly improved the prospectivity across PEL 0029 in general and the Gemsbok prospect in particular. Better imaging from the new 2D data revealed that the known source rock intervals are likely to be within the oil generative window and this, combined with data showing repeating oil seeps along the faulted flanks of Gemsbok, greatly improves the chance of a major oil discovery.

Consequently, the Company commissioned a CPR in respect of its acreage from consultants AGR TRACS, which was completed within the reporting period. Prospective resources have been calculated on three prospects: the Company's primary structure, Gemsbok, as well as Dik Dik and Lion. The results of the CPR are set out in more detail in the Company's announcement on 15 January 2018.

In late 2017, the Company also negotiated and agreed with the MME an extension of the First Renewal Exploration Period (Phase 2) of the Company's Licence of 12 months to 3 December 2018. In addition, the MME has agreed entry into the Second Renewal Period (Phase 3) effective from 3 December 2018 for a period of two years.

The Minimum Work Programme for the one-year extension of Phase 2 is the acquisition of 600 square kilometres of 3D seismic data, contingent upon Global concluding a farm-out agreement with a third party to fund the acquisition of the 3D data. If the 3D acquisition is not completed during the Phase 2 extension period, it may be carried over into Phase 3. During Phase 3, the commitment is to drill one well (depth and location to be agreed) unless the MME and Global agree that circumstances dictate otherwise.

Following the release of the CPR, the Company appointed Stellar Energy Advisors, a specialised, independent advisor providing acquisition and divestment services to upstream companies in the oil and gas business. Stellar launched a structured farm-out process of the Company's Namibian acreage with a view to seeking a partner to fund future operations on the block, commencing with 3D seismic data in accordance with the extension work programme agreed with the MME. It is believed that potential farminees have decided to await the results of the drilling being carried out in Q3 and Q4 2018 by operators nearby.

Block 2011A

In September 2018 the Company was pleased to announce that it signed a Petroleum Agreement to acquire Block 2011A offshore Namibia via its wholly owned subsidiary Global Petroleum Namibia Limited.

Block 2011A is located in the northern Walvis Basin, immediately to the east of the Company's current licence, PEL 0029. The combination of the two licences increases the Company's presence in the region to 11,607 square kilometres offshore Namibia, making Global one of the largest net acreage holders within the region.

The Company believes that Block 2011A contains the same plays as those outlined in the CPR for PEL 0029. Regarding the Repsol operated Welwitschia-1 well drilled in the western part of Block 2011A in 2014, Global

1. OPERATING AND FINANCIAL REVIEW (continued)

believes that there is significant prospectivity, similar to that in PEL 0029 – in the deeper Albian Carbonates, which Welwitschia-1A did not reach. (See Note 7.3 Subsequent Event for further detail).

The Company also believes that there is additional prospectivity in shallower Upper Cretaceous/Tertiary reservoirs on the eastern flank of the Welwitschia structure. These reservoirs have been proven by wells to the north-east and south-east of Block 2011A, and the Cretaceous is a target in both of the wells being drilled in Q3/Q4 2018 by other industry operators nearby.

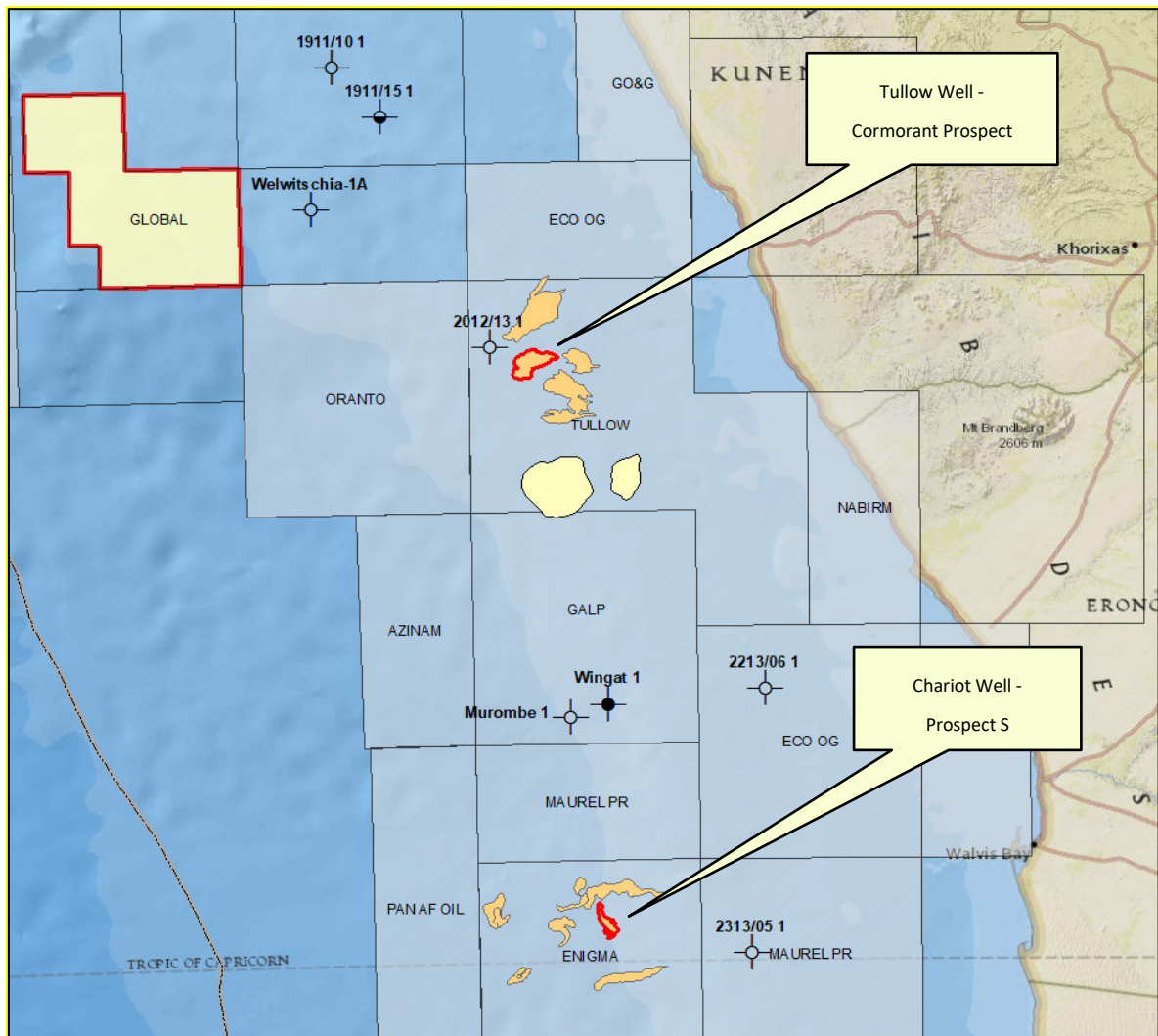


FIGURE 1 - Map of Namibia showing Global Licence.

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” – Figure 2).

As previously reported, various local authorities and interest groups appealed against the Environmental Decrees in relation to applications d 82 F.R-GP and d 83 F.R-GP, which were published in October 2016. Publication of Environmental Decrees is the final administrative stage before grant of the Permits, and the Company has been notified that the appeals will be heard by the Latium Administrative Tribunal (Rome) in October 2018.

The Company announced in October 2017 that the remaining two Environmental Decrees in relation to the Permit Applications, designated d 80 F.R-GP and 81 F.R-GP, had been published by the Italian authorities.

1. OPERATING AND FINANCIAL REVIEW (continued)

As with the previous two Environmental Decrees, a number of appeals by various interested parties against the later Environmental Decrees have been made. The Company has been notified that these further appeals will be heard by the Latium Tribunal in November 2018.

Global understands that recent appeals against other Environmental Decrees in the Southern Adriatic have been rejected by the same tribunal.

Permit Applications in the Southern Adriatic, Offshore Italy (continued)

The Southern Adriatic and adjacent areas continue to be the focus of industry activity. Most notably, in Montenegro, offshore concessions were awarded in 2016 /2017 to Eni/Novatek (the latter just 35 km from the nearest of the Applications). The four Application blocks are contiguous with the Italian median lines abutting Croatia, Montenegro and Albania respectively (Figure 2).

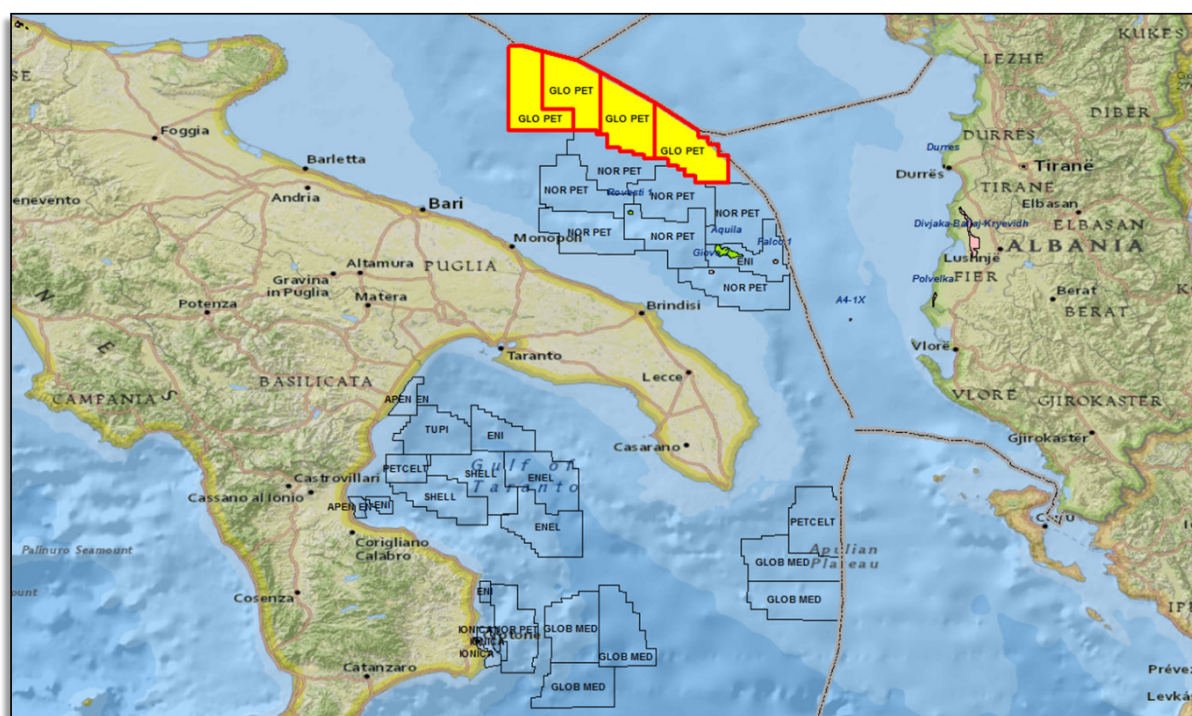


FIGURE 2 - Map of Southern Adriatic showing Italian permit applications.

Business Development

Global remains in a strong financial position from which to fund work activity on its Namibian acreage, its Italian application interests (subject to award), and to acquire complementary assets with particular focus on Namibia where exploration activity has increased. The Company is encouraged by planned wells which are scheduled to be drilled by both Tullow Oil and Chariot Oil & Gas in Q3 and Q4 2018.

Presentation Currency

The financial information in this annual report is presented in United States dollars (US\$).

Results of operations

	2018 US\$	2017 US\$
Loss from continuing operations before tax	(1,965,570)	(1,856,463)
Income tax benefit (expense)	-	-
Net profit (loss)	(1,965,570)	(1,856,463)

1. OPERATING AND FINANCIAL REVIEW

The results of the Group include revenue from interest income of US\$79,813 (2017: US\$48,814).

Review of financial condition

As at 30 June 2018, the Group had cash of US\$4,928,998 (2017: US\$7,807,605) and had 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 2017 until the date of this report.

<p>Mr John van der Welle B.Sc. ACA, FCT, CTA Chairman</p>	<p>Mr van der Welle is a Chartered Accountant with over 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 Petroleums and Stratic Energy Corp.</p> <p>Mr van der Welle was appointed as Non-Executive Chairman on 10 February 2014.</p>
<p>Mr Peter Hill MA Law (Oxon) Managing Director Chief Executive Officer</p>	<p>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.</p> <p>Previously Mr Hill set up the international business of Waterous & Co as Managing Director in the UK, and before that worked for Enterprise Oil 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.</p> <p>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.</p>
<p>Mr Peter Blakey B.Sc CEng Non-Executive Director</p>	<p>Peter Blakey has worked in the oil and gas industry for over 50 years including positions with ICI, Shell and BP/Union Carbide. After a spell with PA Management Consultancy he and Peter Taylor formed T M Services, an international oil and gas consultancy which was awarded the Queens Award for Export Achievement in 1985. He co-founded and was a Director of TM Oil Production which later became Dana Petroleum. Dana grew to become one of the leading UK oil and gas exploration companies and was taken over by KNOC for £1.8bn in 2010. He also co-founded Consort Resources, a significant North Sea gas transportation and production company, and Planet Oil International which acquired various interests in Mauritania, Guyana (formally French Guiana) and Uganda, and subsequently reversed into Hardman Resources in 1998.</p> <p>Peter Blakey was also a founding member with Peter Taylor of Star Petroleum, Jupiter Petroleum and Neptune Petroleum. Star Petroleum was incorporated into Global Petroleum in 2002. Jupiter Petroleum, with assets in offshore Namibia, was acquired by Global Petroleum in 2011. Neptune Petroleum, with interests in Namibia and Uganda, was reversed into AIM listed Tower Resources Plc in 2005.</p>

2. DIRECTORS (continued)

<p>Mr Damien Cronin MAICD MQLS</p> <p>Independent Non-Executive Director and Company Secretary</p>	<p>Mr Cronin is a solicitor who has over 30 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 and Blue Energy and as secretary to the operating committee of a number of mining joint ventures, including that for the Sonoma Coal Mine.</p> <p>Mr Cronin was appointed Director and Company Secretary on 31 December 2011 and resigned as Director and Company Secretary on 31 December 2017.</p>
<p>Mr Andrew Draffin (CA)</p> <p>Independent Non-Executive Director</p>	<p>Mr Draffin is a Chartered Accountant with over 17 years' experience in financial reporting, treasury management and corporate advisory services. He currently provides services as a Director, Company Secretary and CFO to ASX listed, OTCQX listed and private companies operating in renewable energy, exploration and mining and the investment sectors.</p> <p>Mr Draffin is a Director of EnviroMission and Gladiator Resources.</p> <p>Mr Draffin was appointed Company Secretary on 1 January 2018.</p>
<p>Mr Garrick Higgins</p> <p>Independent Non-Executive Director</p>	<p>Mr Higgins was appointed a Director on 9 October 2017.</p> <p>Mr Higgins is a Melbourne based lawyer and a principal of Grillo Higgins a firm that practices in energy and resources law and in corporate and securities law, including mergers and acquisitions, takeovers, capital raisings, project finance, corporate governance and joint ventures. Mr Higgins is a director of the public companies Escala Partners Limited and Laguna Gold Limited, the latter as an alternate Director.</p>
<p>Mr Peter Taylor B.Sc CEng Non-Executive Director</p>	<p>Peter Taylor has over 40 years' experience in the oil and gas industry. He co-founded T M Services, an international oil and gas consulting company, in 1980 and became involved in the upstream exploration and production sectors in 1990. He co-founded and was a Director of TM Oil Production which later became Dana Petroleum. Dana grew to become one of the leading UK oil and gas exploration companies and was taken over by KNOC for £1.8bn in 2010. He also co-founded Consort Resources, a significant North Sea gas transportation and production company, and Planet Oil International which acquired various interests in Mauritania, Guyana (formally French Guiana) and Uganda, and subsequently reversed into Hardman Resources in 1998.</p> <p>Peter Taylor was also a founding member with Peter Blakey of Star Petroleum, Jupiter Petroleum and Neptune Petroleum. Star Petroleum was incorporated into Global Petroleum in 2002. Jupiter Petroleum, with assets in offshore Namibia, was acquired by Global Petroleum in 2011. Neptune Petroleum, with interests in Namibia and Uganda, was reversed into AIM listed Tower Resources Plc in 2005.</p>

3. COMPANY SECRETARY

Mr Damien Cronin was appointed to the position of Company Secretary on 31 December 2011 and resigned on 31 December 2017. Mr Andrew Draffin was appointed to the role on 1 January 2018. Mr Draffin acts as Company Secretary to a number of publicly listed companies in the mining, oil and gas sectors, investment and childcare sectors.

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	7	7
Mr P Hill	7	7
Mr P Blakey	7	7
Mr D Cronin (resigned 31 December 2017)	4	4
Mr A Draffin	7	7
Mr G Higgins (appointed Non-Executive Director 9 October 2017)	4	4
Mr P Taylor	7	7

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.

5. DIRECTORS' INTERESTS

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

Directors	Interest in Securities at the Date of this Report	
	Ordinary Shares ⁽¹⁾	Incentive Options ⁽²⁾
Mr J van der Welle	291,151	2,000,000
Mr P Hill	2,744,472	12,000,000
Mr P Blakey	39,840,133	-
Mr D Cronin	N/A ⁽³⁾	N/A ⁽³⁾
Mr A Draffin	-	500,000
Mr G Higgins	-	500,000
Mr P Taylor	41,629,071	-

Notes

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

⁽²⁾ Incentive Options means an option over ordinary shares exercisable at various amounts and dates – see below.

⁽³⁾ Mr D Cronin resigned as Director on 31 December 2017.

6. DISCRETIONARY GRANTS OF SHARES AND SHARE OPTIONS

On 14 November 2017, following AGM approval, a total of 8,000,000 options were issued to some of the Directors. They were valued at AU\$0.021 (US\$0.016) per option, determined by the Binomial pricing model. They are exercisable on or before 13 November 2022 with an exercise price of AU\$0.0318/option. No options were issued in the year to 30 June 2017.

During year ended 30 June 2017, the Company made a discretionary grant of shares, following shareholder approval at the AGM on 17 November 2015, to Directors. 838,842 shares were issued and fully paid with a fair value of US\$22,347. The fair values of the shares were determined as the ASX market value on the day of issue. No shares were issued during the year to 30 June 2018.

Since 30 June 2018, no shares have been issued as a result of the exercise of options and no further options or shares have been granted.

7. PRINCIPAL ACTIVITIES, LIKELY DEVELOPMENTS AND DIVIDENDS

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

The Company expects to continue as an oil and gas explorer with a specific focus of enhancing of shareholder value by the identification and commercialisation of oil and gas assets.

No dividends were paid during the financial year ended 30 June 2018 (2017: Nil).

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company and Group during the financial year.

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 18 September the Group signed a Petroleum Agreement to acquire Block 2011A offshore Namibia. via its wholly owned subsidiary Global Petroleum Namibia Limited.

The new block is immediately to the east of the Company's current licence PEL 0029 and comes with the following commitments.

- Under a work programme, the Company will carry out various studies and reprocess all existing seismic in the licence area which includes 3D seismic shot in Western part of the licence during the first two years;
- At the conclusion of two years, the Company has the option to either shoot a new 2,000 square kilometre 3D seismic data survey in the eastern part of Block 2011A, or alternatively opt to relinquish the licence.

10. INDEMNIFICATION INSURANCE OF OFFICERS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a Director or officer of the Company or Group for any liability caused as such a Director or officer and any legal costs incurred by a Director or officer in defending an action for any liability caused as such a Director or officer. During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to these indemnities. During the financial year, an indemnity insurance premium of US\$28,060 (2017: US\$26,944) was paid by the Company.

11. 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 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 involve 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 or 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 reporting year are set out below.

	2018 US\$	2017 US\$
Audit services:		
Auditors of the Group, KPMG Australia – audit and review of financial reports	38,878	39,925
	38,878	39,925
Other services:		
Auditors of the Group, KPMG Australia - taxation services	4,157	6,700
	4,157	6,700
Total audit and other services	43,035	46,625

12. REMUNERATION REPORT - AUDITED

12.1 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 remuneration 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 with the result it does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

These principles were reflected in the discretionary grant of options in 2018, approved by shareholders on 14 November 2017, and the grant of shares in financial year 2017.

12.2 Directors' and executive officers' remuneration – audited

Executive Director 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) – see details below. 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's operations, there is only one executive, Mr Peter Hill, who is also a Director.

Mr P Hill, Managing Director and Chief Executive Officer, has a Contract of Employment with Global Petroleum Limited dated 1 August 2011 (amended, with effect, 1 August 2014). 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 provides for termination by either party on twelve months' notice. Upon notice, Mr Hill will be entitled to his remuneration and related benefits up to the end of the notice period. The Contract of Employment does not provide for any additional termination payout. His base remuneration under the terms of the contract is set at GBP 250,000 (US\$333,748) plus health insurance. GBP 10,487 (US\$13,619).

(i) *Fixed remuneration*

Fixed remuneration consists of a base remuneration, 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 healthcare benefits.

12. REMUNERATION REPORT – AUDITED (continued)

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 where appropriate, external advice on policies and practices, noting external advice was sought during October 2017 – refer section 12.5.

(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).

During the 2018 financial year, no cash bonuses were paid or are payable (2017: 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 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. Options were granted as remuneration during the 2018 financial year see section 12.3 (2017: Nil).

There are no vesting or 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.

Share awards to UK Directors are subject to UK Income Tax and National Insurance deduction under the Pay as You Earn scheme (PAYE). UK Directors were allocated part of their share-based payment made in the 2017 financial year as cash in order to pay these PAYE obligations. There were no share allocations to Directors in the 2018 financial year. The value of the shares issued to Mr Hill was US\$Nil (2017: US\$13,788) and corresponding PAYE was US\$Nil (2017: US\$9,754).

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 sought in relation to remuneration paid during the reporting period (2017: obtained). The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. 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. Options issued during the year are disclosed in sections 12.3 and 12.4.

Share awards to UK Directors are subject to UK Income Tax and National Insurance deduction under the Pay as You Earn scheme (PAYE). UK Directors were allocated part of their share-based payment in the 2017 financial year as cash in order to pay these PAYE obligations. There were no share allocations to Directors in the 2018 financial year. The value of the shares issued to Mr J van der Welle was US\$Nil (2017: US\$2,495) and corresponding PAYE tax was US\$Nil (2017: US\$709), for Messrs Blakey and Taylor the value of the shares issued was US\$Nil (2017: US\$1,299) and corresponding PAYE tax was US\$Nil (2017: US\$848). Australian based Directors’ shares were valued as follows: Mr Cronin US\$Nil (2017: US\$3,466) and Mr Draffin US\$Nil (2017: \$Nil). There was no cash element paid to Australian Directors.

12. REMUNERATION REPORT – AUDITED (continued)

Non-Executive Director fees for the reporting period for Messrs Blakey and Taylor were set at GBP35,000 (US\$47,325 and US\$47,133 respectively) (2017: GBP34,269 (US\$43,506) each). Mr van der Welle's fees were set at GBP32,500 (US\$43,532) (2017: GBP31,823 (US\$40,386)). Messrs Cronin, Draffin and Higgins fees were set at AU\$34,500, AU\$34,500 and AU\$36,000 respectively (US\$26,924, US\$26,924 and US\$28,094 respectively) - (2017: AU\$29,375 (US\$22,158), AU\$30,000 (US\$22,795) and Nil respectively). These fees relate to responsibilities as a Director only. 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 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 2018 contributions to Messrs Cronin, Draffin and Higgins were US\$1,187, US\$2,534 and US\$1,836 respectively (2017: US\$2,136, US\$2,163 and US\$Nil respectively).

Relationship between remuneration of KMP, shareholder wealth and earnings

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 to the individual 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.

DIRECTORS' REPORT
For the year ended 30 JUNE 2018



12. REMUNERATION REPORT – AUDITED (continued)

Currently the Company only employs one executive KMP, Mr P Hill. Details of his contract are shown above.

Details of the nature and amount of each element of the remuneration of the Directors and key management personnel of the Group for the financial year are as follows:

Director		Short-Term ⁽¹⁾		Post-Employment	Share- Based Payments	Total	Proportion of Remuneration Performance Related	
		Remuneration ⁽⁷⁾	Directors' Fees ⁽⁷⁾	Superannuation and other benefits	Shares ^{(2)/ Options⁽³⁾}			
		US\$	US\$	US\$	US\$	US\$	%	
Executive officers								
Mr P Hill	2018	333,748	-	13,619	96,126	443,493	-	
	2017	320,890 ⁷	-	12,226	13,788 ²	346,904	-	
Sub-total executive officers remuneration		2018	333,748	-	13,619	96,126	443,493	-
		2017	320,890 ⁷	-	12,226	13,788 ²	346,904	-
Non-Executive Directors								
Mr J van der Welle	2018	-	43,532	-	16,021	59,553	-	
	2017	-	41,095 ⁷	-	2,495 ²	43,590	-	
Mr P Blakey	2018	-	47,325	-	-	47,325	-	
	2017	-	44,354 ⁷	-	1,299 ²	45,653	-	
Mr D Cronin ^{(4) (5)}	2018	-	12,325	1,187	-	13,512	-	
	2017	-	22,158	2,136	3,466 ²	27,760	-	
Mr A Draffin ⁽⁶⁾	2018	-	26,924	2,534	8,010	37,468	-	
	2017	-	22,795	2,163	-	24,958	-	
Mr G Higgins ⁽⁸⁾	2018	-	19,327	1,836	8,010	29,173	-	
	2017	-	-	-	-	-	-	
Mr P Taylor	2018	-	47,133	-	-	47,133	-	
	2017	-	44,354 ⁷	-	1,299 ²	45,653	-	
Sub-total Non-Executive Directors' remuneration		2018	-	195,566	5,557	32,041	234,164	-
		2017	-	174,756	4,299	8,558	187,614	-
Total Directors' and executive officers' remuneration		2018	333,748	196,566	19,176	128,167	677,657	-
		2017	320,890	174,756	16,525	22,347 ²	534,518	-

Notes on following page

12. REMUNERATION REPORT - 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) Shares, refer to 12.3 and 12.4 below. Amounts paid in cash to UK Directors relating to PAYE deductions have been included in remuneration and Directors' fees.
- (3) Options, refer to 12.3 and 12.4 below.
- (4) Mr D Cronin was remunerated US\$18,536 (2017: US\$26,671) as Company Secretary, separate to his role as Director and thus not included in the table above.
- (5) Mr D Cronin resigned as Director and Company Secretary on 31 December 2017.
- (6) Mr A Draffin was appointed Company Secretary on 1 January 2018. He was remunerated US\$13,746 (2017: Nil) as Company Secretary, separate to this role as Director and thus not included in this table.
- (7) In 2017, the UK Directors received part of their share-based payments in cash in order to meet their UK Income Tax and National Insurance obligations on the issue of discretionary shares. This amount is included in the remuneration/Directors' fee figures above.
- (8) Mr G Higgins was appointed a Non-Executive Director on 9 October 2017.

12.3 Equity instruments – audited

Shares or Options granted to Directors and Key Management Personnel – audited

On 14 November 2017, following AGM approval, a total of 8,000,000 options were issued to some of the Directors. (refer section 12.4). The options were granted for no consideration and are not subject to any vesting conditions. The fair value at grant date was AU\$0.021 (US\$0.016) per option. The fair value of the options was determined using the Binomial options pricing model. They are exercisable on or before 13 November 2022 with an exercise price of AU\$0.0318/option. No options were issued in the year to 30 June 2017.

	Year ended 30 June 2018
Fair value at grant date	AU\$0.0210 (US\$0.0160)
Share price	AU\$0.0310 (US\$0.0236)
Exercise price	AU\$0.0318 (US\$0.01910)
Expected volatility	85%
Expected option life	5 years
Expected dividends	Nil
Risk-free interest rate (based on government bonds)	2.24%

There were no share allocations to Directors in the 2018 financial year.

During the year ended 30 June 2017, the Company made a discretionary grant of shares, following shareholder approval at the AGM on 17 November 2015, to Directors. 838,842 shares were issued and fully paid with a fair value of US\$22,347. The fair values of the shares were determined as the ASX market value on the day of issue.

12.4 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.

12. REMUNERATION REPORT - AUDITED (continued)

Movement in Shareholdings

2018 Directors	Held at 1 July 2017 ⁽¹⁾	Shares granted	Held at 30 June 2018 ⁽¹⁾
Mr J van der Welle	291,151	-	291,151
Mr P Hill	2,744,472	-	2,744,472
Mr P Blakey	39,840,133	-	39,840,133
Mr D Cronin	478,015	-	N/A ⁽²⁾
Mr G Higgins	-	-	-
Mr P Taylor ¹	41,629,071	-	41,629,071

Notes

⁽¹⁾ Includes shares held by related parties.

⁽²⁾ Mr D Cronin retired as a director during the financial year.

Movement in options

2018 Directors	Held at 1 July 2017	Granted as compensation	Exercised	Other changes	Held at 30 June 2018
Mr J van der Welle	1,000,000	1,000,000	-	-	2,000,000
Mr P Hill	6,000,000	6,000,000	-	-	12,000,000
Mr P Blakey	-	-	-	-	-
Mr D Cronin	300,000	-	-	-	N/A ⁽¹⁾
Mr A Draffin	-	500,000	-	-	500,000
Mr G Higgins	-	500,000	-	-	500,000
Mr P Taylor	-	-	-	-	-

⁽¹⁾ Mr Cronin retired as a director during the financial year.

Options held by Directors at 1 July 2017 are vested and exercisable at AU\$0.065 each on or before 23 December 2019. New options granted are vested and exercisable at AU\$0.0318 each on or before 13 November 2022.

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.

During the year the Company paid Damien Cronin Pty Ltd trading as Law Projects, a company controlled by Mr D Cronin, US\$18,536 (2017: US\$26,671) for company secretarial services, DW Accounting and Advisory Pty Ltd, a company controlled by Mr A Draffin US\$13,746 for company secretarial services and Northlands Advisory Services Limited, a company controlled by Mr J van der Welle, US\$44,066 (2017: US\$40,838) for consulting services.

Included in the above are the following amounts payable to related parties at 30 June 2018. All payable in full within 30 days of invoice, have standard industry terms and conditions and none of the amounts are secured on any assets. Amount owed to DW Accounting and Advisory Pty Ltd US\$15,290 and Northlands Advisory Services US\$10,732 (2017: US\$10,586) and Law Projects US\$Nil (2017: UD\$2,303).

12. REMUNERATION REPORT - AUDITED (continued)

12.5 Voting at the 2017 & 2016 AGM – First Strike & Second Strikes

At the 2016 AGM held on 8 November 2016, the Company failed to secure 75% of the votes cast in favour of the audited Remuneration Report for the year ended 30 June 2016 when the Company received votes against its remuneration report representing a percentage slightly greater than 25% of the votes cast by persons entitled to vote, as such a “first strike” was recorded against the Remuneration Report.

The Board considered the impact of the first strike and noted that remuneration as disclosed in the 2016 Annual Report was significantly less than the previous corresponding period. Notwithstanding this, the Board acknowledged shareholders’ concerns concerning Board remuneration, however it remained of the opinion that the level of remuneration paid is and was reasonable for the Company given its stage of development and its level of activities which was independently supported by remuneration consultants Godfrey Remuneration Group Pty Limited who provided remuneration benchmarking advice further reinforcing this view.

A “second strike” was received against the audited Remuneration Report at the Company’s 2017 AGM which resulted in a conditional spill motion being put to the meeting. The spill resolution was subsequently defeated with the majority of votes cast against the resolution. As a result of the spill resolution defeat, the Company moves forward to this year’s AGM with the effect of having no strikes recorded.

The Board remains mindful of the level of remuneration granted and has continued to monitor the level paid against that of its peers and the industry in general.

13. CORPORATE GOVERNANCE STATEMENTS

In accordance with Australia Securities Exchange (“ASX”) Listing Rules, the Company’s Annual Corporate Governance Statement is available on the Company’s website at www.globalpetroleum.com.au/investors/announcements and released separately to ASX Announcements in the form of an Appendix 4G.

The London Stock Exchange (LSE) has recently introduced a requirement in AIM Rule 26 for AIM companies to comply with a recognised corporate governance code. The Company has its primary listing on the ASX and as such follows the principles and recommendations of the 3rd addition of the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council. The Company sets out within its Annual Corporate Governance Statement where it meets best practice recommendations, and identifies and explains where it hasn’t met best practice recommendations.

14. AUDITOR’S INDEPENDENCE DECLARATION

The auditor’s independence declaration is on Page 17, and forms part of the Directors’ Report for the financial year ended 30 June 2018.

15. DIRECTORS’ RESOLUTION

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



ANDREW DRAFFIN
DIRECTOR and COMPANY SECRETARY

26 September 2018



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 2018 there have been:

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

KPMG

Jason Adams
Partner

Brisbane
26 September 2018

**CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 30 JUNE 2018



	Notes	2018 US\$	2017 US\$
Continuing operations			
Salaries and employee benefits expense		(416,647)	(421,502)
Administrative expenses		(1,085,932)	(1,039,363)
Exploration and business development expenses	3.1	(208,622)	(198,243)
Other expenses		(192,646)	(212,031)
Foreign exchange gain (loss)		(13,369)	(11,791)
Equity based remuneration		(128,167)	(22,347)
Results from operating activities before income tax		(2,045,383)	(1,905,277)
Finance income		79,813	48,814
Net finance income		79,813	48,814
Profit (loss) from continuing operations before tax		(1,965,570)	(1,856,463)
Income tax benefit (expense)	6.2	-	-
Profit (loss) from continuing operations after tax		(1,965,570)	(1,856,463)
Profit (loss) for the year		(1,965,570)	(1,856,463)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Transfer from foreign exchange reserve on dissolution of a controlled entity		-	(16,417)
Other comprehensive income (loss) for the year, net of tax		-	(16,417)
Total comprehensive income (loss) for the year		(1,965,570)	(1,872,880)
Earnings per share			
Basic earnings (loss) per share (cents)	6.3	(0.970)	(0.917)
Diluted earnings (loss) per share (cents)	6.3	(0.970)	(0.917)

The Notes on pages 22 to 43 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**
AS AT 30 JUNE 2018



	Notes	2018 US\$	2017 US\$
Assets			
Cash and cash equivalents	4.1	4,928,998	7,807,605
Trade and other receivables		97,416	131,972
Prepayments		68,502	50,352
Total current assets		5,094,916	7,989,929
Plant and equipment		4,755	5,943
Exploration assets	3.1	1,988,145	1,109,115
Total non-current assets		1,992,900	1,115,058
Total assets		7,087,816	9,104,987
Liabilities			
Trade and other payables	4.3.9	267,511	444,555
Current tax payable	6.2	-	-
Provisions	7.1	141,095	143,819
Total current liabilities		408,606	588,374
Total non-current liabilities		-	-
Total liabilities		408,606	588,374
Net assets		6,679,210	8,516,613
Equity			
Share capital	5.1	39,221,112	39,221,112
Reserves	5.2	1,535,305	1,407,138
Accumulated losses	5.2.3	(34,077,207)	(32,111,637)
Total equity		6,679,210	8,516,613

The Notes on pages 22 to 43 an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**
FOR THE YEAR ENDED 30 JUNE 2018



	Attributable to owners of the Company				
	Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	US\$	US\$	US\$	US\$	US\$
2018					
Balance at 1 July 2017	39,221,112	836,728	570,410	(32,111,637)	8,516,613
Issue of options	-	128,167	-	-	128,167
Issue of shares	-	-	-	-	-
Total comprehensive (loss) for the year:					
Profit (loss) for the year	-	-	-	(1,965,570)	(1,965,570)
Other comprehensive profit (loss) for the year:					
Transfer of foreign exchange reserve on dissolution of a controlled entity	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(1,965,570)	(1,965,570)
Balance at 30 June 2018	39,221,112	964,895	570,410	(34,077,207)	6,679,210
2017					
Balance at 1 July 2016	39,198,764	836,728	586,827	(30,255,174)	10,367,145
Issue of options	-	-	-	-	-
Issue of shares	22,348	-	-	-	22,348
Total comprehensive profit (loss) for the year:					
Profit (loss) for the year	-	-	-	(1,856,463)	(1,856,462)
Other comprehensive profit (loss) for the year:					
Transfer of foreign exchange reserve on dissolution of a controlled entity	-	-	(16,417)	-	(16,417)
Total comprehensive income (loss) for the year	-	-	(16,417)	(1,856,463)	(1,872,880)
Balance at 30 June 2017	39,221,112	836,728	570,410	(32,111,637)	8,516,613

Amounts are stated net of tax

Notes on pages 22 to 43 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2018



	Notes	2018 US\$	2017 US\$
Cash flows from operating activities			
Cash paid to suppliers and employees		(2,062,758)	(1,572,858)
Interest received		79,813	48,814
GST/VAT refunds received		215,212	178,230
Tax (paid)/refund		-	-
Net cash from (used in) operating activities	4.2	(1,767,733)	(1,345,814)
Cash flows from investing activities			
Exploration and business development expenditure		(1,087,652)	(1,020,692)
Net cash from (used in) investing activities		(1,087,652)	(1,020,692)
Net decrease in cash and cash equivalents		(2,855,385)	(2,366,506)
Cash and cash equivalents at 1 July		7,807,605	10,172,598
Effects of exchange rate fluctuations on cash and cash equivalents		(23,222)	1,513
Cash and cash equivalents at 30 June	4.1	4,928,998	7,807,605

Notes on pages 22 to 43 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**



1. CORPORATE AND GROUP INFORMATION

Global Petroleum Limited (“Global”, the “Company”) 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 AIM market of the London Stock Exchange (“AIM”). The consolidated financial statements of the Company as at, and for the twelve months ended, 30 June 2018 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 2018 are available upon request from the Company’s registered office at C/- DW Accounting and Advisory Pty Ltd, Level 4, 91 William Street, Melbourne, Victoria, 3000, Australia or at www.globalpetroleum.com.au.

All controlled entities are included in the consolidated financial statements. The financial year-end of the controlled entities is the same as that of the parent entity.

	Country of incorporation	Ownership interest	
		2018 %	2017 %
Parent entity			
Global Petroleum Limited	Australia		
Subsidiaries			
Global Petroleum UK Limited	United Kingdom	100	100
Global Petroleum Exploration Ltd ⁽¹⁾	United Kingdom	100	100
Global Petroleum Namibia Limited ⁽²⁾	British Virgin Islands	100	100
Jupiter Petroleum Juan De Nova Limited ⁽³⁾	British Virgin Islands	-	-

⁽¹⁾ Formerly Jupiter Petroleum Limited, effective 8 February 2018.

⁽²⁾ Formerly Jupiter Petroleum Namibia Limited, effective 23 February 2018.

⁽³⁾ Jupiter Petroleum Juan De Nova was dissolved in prior year – effective 30 April 2017.

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 26 September 2018.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

2.1.1 Overview

The consolidated financial statements have been prepared on an accrual and historical cost basis.

The financial information in this report has been presented in United States dollars (“US\$”) which is also the Company’s functional currency.

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 Consolidated Statement of Financial Position.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2018 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.

2.2.1 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.

2.2.2 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.

2.2.3 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.

2.2.4 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.

2.3 SIGNIFICANT ACCOUNTING POLICIES

2.3.1 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.3.2 Foreign Currency

Foreign currency transactions

Foreign currency transactions are translated into the Company's 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 into US\$ at year-end exchange rates prevailing at that reporting date;
- (ii) income and expenses are translated into US\$ at the date of transaction. For practical reasons, a rate that approximates the US\$ exchange rate at the date of the transaction is used, for example average US\$ exchange rate for the period.

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 or Loss and Other Comprehensive Income in the period in which the operation is disposed.

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 3.1 – Exploration assets
- Note 6.2 – Taxes

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.1 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.

2.4.2 Determination of fair value

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.

Short-term receivables and payables

These 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.

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 exercise 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.

When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

2.5 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

- **AASB 9 *Financial Instruments*** (December 2014), **AASB 2014-7 *Amendments to AAS arising from AASB 9 (December 2014)***, **AASB 2014-8 *Amendments to AAS arising from AASB 9 (December 2014)*** (effective 1 January 2018). The new **AASB 9 *Financial Instruments*** includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carried forward the guidance on recognition and derecognition of financial instruments from AASB 139.

The changes are not expected to materially impact the Group, apart from some minor classification and disclosure changes in the financial statements.

- **AASB 15 *Revenue from Contracts with Customers*** - AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including **AASB 118 *Revenue***, **AASB 111 *Construction Contracts*** and **IFRIC 13 *Customer Loyalty Programmes***. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. Currently AASB15 does not have any impact given the Group has no revenue.
- **AASB 16 *Leases*** - AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee - effectively treating all leases as finance leases. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019 with early adoption permitted for entities that also adopt **AASB 15 *Revenue from Contracts with Customers***. The Group currently plans to apply AASB 16 initially on 1 July 2019 and the extent of the impact has not been determined.

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3. INVESTED CAPITAL

3.1 EXPLORATION ASSETS

	2018 US\$	2017 US\$
Balance at beginning of year	1,109,115	286,667
Expenditure capitalised during the period	879,030	822,448
Balance at end of year	1,988,145	1,109,115

At 30 June 2018, the balance of the Group's exploration assets relates solely to its interests in Namibia.

During the year, the Group also incurred exploration and evaluation expenditure of US\$107,379 (2017: US\$ Nil) 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 below.

In addition, an amount of US\$101,243 (2017: US\$198,243) was spent on business development, which relates to the Group's activities in assessing opportunities in the oil and gas sector.

Namibia

In November 2017, Global Petroleum Namibia Limited ("GPB") agreed with The Ministry of Mines and Energy ("MME") an extension to the First Renewal Exploration Period of 12 months to 3 December 2018. In addition, the MME has agreed entry into the Second Renewal Period effective from 3 December 2018. Exploration commitments on this exploration tenement are documented in 3.2.2.

Exploration and evaluation expenditure - accounting policy

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

Exploration and evaluation costs are capitalised as intangible assets and assessed for impairment where facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Exploration and evaluation costs are capitalised if the rights to tenure of the area of interest are current and either:

- (i) the expenditure relates to an exploration discovery that, at balance date, activities have not yet reached a stage which permits an assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing; or
- (ii) it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

Costs incurred before the Group has obtained the legal rights to explore an area are expensed.

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 tested for impairment and then 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. INVESTED CAPITAL (continued)

3.2 COMMITMENTS

3.2.1 Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group 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. The Group's only exploration expenditure commitments relate to its interest in joint ventures – refer 3.2.2.

3.2.2 Joint venture commitments

Global Petroleum Namibia Limited, a 100% owned subsidiary of the Group, holds prospective oil and gas exploration interests offshore Namibia. In order to maintain current rights of tenure to the exploration licences, Global is required to perform minimum exploration work to meet the minimum expenditure requirements specified in the Namibian Petroleum Exploration Agreement.

The obligations include:

- (a) **First Renewal Exploration Period** (Two years from 3 December 2015 to 3 December 2017 – with subsequent extension to 3 December 2018):
 - Following the completion of the minimum required exploration expenditure for the 2 year period, in November 2017, Global agreed with the MME an extension to the First Renewal Exploration Period of 12 months to 3 December 2018.
 - The Minimum work programme for the one year extension is the acquisition of 600 square kilometres of 3D seismic data, contingent upon Global concluding a farm-out agreement with a third party to fund the acquisition of the 3D data. If the 3D acquisition is not completed during the 12 month extension period, it may be carried over into the Second Renewal Period.
- (b) **Second Renewal Period** (Two years from 3 December 2018):
 - During the Second Renewal Period, effective from 3 December 2018 for a period of two years, the commitment is to drill one well (depth and location to be agreed) unless the Ministry and Global agree that circumstances dictate otherwise.

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

4. WORKING CAPITAL AND FINANCIAL RISK MANAGEMENT

4.1 CASH AND CASH EQUIVALENTS

	2018 US\$	2017 US\$
Cash at bank and on hand	4,928,998	7,807,605
Term deposits	-	-
Cash and cash equivalents	4,928,998	7,807,605

4. WORKING CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

4.2 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2018 US\$	2017 US\$
Cash flows from operating activities		
Profit (loss) for the year	(1,965,570)	(1,856,463)
Adjustments for items classified as investing/financing activities:	208,622	198,243
<i>Adjustments for non-cash items:</i>		
Depreciation of fixtures and fittings	1,188	6,399
Unrealised net foreign exchange (gain) loss	23,222	(17,929)
Equity based remuneration	128,167	22,347
Changes in operating assets and liabilities, net of effects of purchase of controlled entities during the financial year:		
Decrease (increase) in receivables and prepayments	16,406	5,311
(Decrease) increase in payables	(177,044)	251,012
(Decrease) increase in provisions	(2,724)	45,266
Net cash from (used in) operating activities	(1,767,733)	(1,345,814)

Credit standby arrangements with banks

At the balance sheet 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.

4.3 FINANCIAL INSTRUMENTS

4.3.1 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 regular 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, 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.

4. WORKING CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

**NOTES TO THE CONSOLIDATED
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4.3 FINANCIAL INSTRUMENTS

4.3.2 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:

	2018 US\$	2017 US\$
Cash and cash equivalents	4,928,998	7,807,605
Trade and other receivables	97,416	131,972
	5,026,414	7,939,577

Trade and other receivables comprise 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 2018, none (2017: none) of the Group's receivables are past due. No impairment losses have been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

With respect to credit risk from cash and cash equivalents the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

4.3.3 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 2018, the Group has sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 months US\$	6-12 months US\$	1-5 years US\$	≥5 years US\$	Total US\$
2018 Financial liabilities					
Trade and other payables	267,511	-	-	-	267,511
	267,511	-	-	-	267,511
2017 Financial liabilities					
Trade and other payables	444,555	-	-	-	444,555
	444,555	-	-	-	444,555

4. WORKING CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

4.3 FINANCIAL INSTRUMENTS

4.3.4 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.

	2018 US\$	2017 US\$
Interest bearing financial instruments		
Cash at bank and on hand	4,928,998	7,807,605
Term deposits	-	-
	4,928,998	7,807,605

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 1.29% (2017: 0.56%).

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

4.3.5 Interest rate sensitivity

A sensitivity of 50 basis points ("bp") 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 change of 50 basis points in interest rate at the reporting date would have increased (decreased) profit or loss and equity by the amount shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or Loss	
	50bp Increase	50bp Decrease
2018		
Cash and cash equivalents	30,080	30,080
2017		
Cash and cash equivalents	44,510	44,510

4.3.6 Foreign currency risk

The Company and its subsidiaries in the Group have a functional currency of US\$. The Group is exposed to foreign currency risk from transactional currency exposure. Such exposure arises from transactions denominated in currencies other than the functional currency of the entities in the Group.

As at 30 June 2018, the Group had foreign denominated deposits of AU\$119,564 (US\$88,513) and GBP111,102 (US\$146,755). The Group had current liabilities of AU\$96,802 (US\$71,707), GBP134,944 (US\$178,248) and Euro 15,000 (US\$17,556) and prepayments and other debtors of AU\$12,672 (US\$9,382) and GBP106,157 (US\$140,223) and provisions of GBP106,816 (US\$141,094).

As at 30 June 2017, the Group had foreign denominated deposits of AU\$131,466 (US\$100,934) and GBP171,635 (US\$223,245). The Group had current liabilities of AU\$65,008 (US\$49,911), GBP66,362 (US\$86,318) and Euro 27,100 (US\$30,924) and prepayments and other debtors of AU\$14,093 (US\$10,821) and GBP119,581 (US\$155,539) and provisions of GBP110,570 (US\$143,819).

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

4. WORKING CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

4.3 FINANCIAL INSTRUMENTS

4.3.7 Sensitivity analysis for currency risk

A sensitivity of 10% 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 the balance sheet date.

30 June 2018

A 10% strengthening of the US\$ against the AU\$ and GBP at 30 June 2018 would have decreased equity for the year for the Group by US\$79,348. This analysis assumes that all other variables, in particular interest rates and equity prices, remain constant. No material effect on profit or loss.

A 10% weakening of the US\$ against the AU\$ and GBP at 30 June 2018 would have increased equity for the year for the Group by US\$79,348 on the basis that all other variables remain constant. No material effect on profit or loss.

30 June 2017

A 10% strengthening of the US\$ against the AU\$ and GBP at 30 June 2018 would have decreased equity for the year for the Group by US\$80,462. This analysis assumes that all other variables, in particular interest rates and equity prices, remain constant. No material effect on profit or loss.

A 10% weakening of the US\$ against the AU\$ and GBP at 30 June 2018 would have increased equity for the year for the Group by US\$79,842 on the basis that all other variables remain constant. No material effect on profit or loss.

4.3.8 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.

4.3.9 Trade and other payables

	2018 US\$	2017 US\$
Current		
Trade payables	169,827	49,339
Accrued expenses	97,684	395,216
Balance at 30 June	267,511	444,555

4. WORKING CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments - accounting policy

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

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.

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.

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.

5. CAPITAL AND RELATED PARTIES DISCLOSURE

5.1 SHARE CAPITAL

	2018	2017	2018	2017
	Number of shares		US\$	US\$
Issued and paid up capital				
On issue at 1 July	202,652,927	201,814,085	39,221,112	39,198,764
Issued during the year	-	838,842	-	22,348
In issue at 30 June	202,652,927	202,652,927	39,221,112	39,221,112

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. They should be read in conjunction with the Corporations Act 2001 and the ASX and AIM 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.

Issued capital - accounting policy

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.

5. CAPITAL AND RELATED PARTIES DISCLOSURE (continued)

5.2 RESERVES

	2018 US\$	2017 US\$
Option reserve	964,895	836,728
Foreign currency translation reserve	570,410	570,410
Total reserves	1,535,305	1,407,138

5.2.1 Option reserve

The option reserve comprises the cumulative grant date fair value of options issued to Directors, other personnel and consultants over the vesting period.

5.2.2 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. As a result of the change in functional currency of the Company and several of its subsidiaries on 1 July 2014, no further foreign currency translation differences were recognised as all entities in the Group have a US\$ functional currency.

On 30 April 2017 Jupiter Petroleum Juan De Nova 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 and Other Comprehensive Income.

	2018 US\$	2017 US\$
Balance at 1 July	570,410	586,827
Transfer from foreign exchange reserve on dissolution of a controlled entity	-	(16,417)
Balance at 30 June	570,410	570,410

5.2.3 Accumulated losses

	2018 US\$	2017 US\$
Balance at 1 July	(32,111,637)	(30,255,174)
Loss for the year	(1,965,570)	(1,856,463)
Total accumulated (losses)	(34,077,207)	(32,111,637)

5.2.4 Dividends

No dividends have been declared, provided for or paid in respect of the years ended 30 June 2018 and 30 June 2017. With respect to the payment of dividends by Global Petroleum in subsequent reporting periods (if any), no franking credits are currently available.

5. CAPITAL AND RELATED PARTIES DISCLOSURE (continued)

5.3 SHARE BASED PAYMENTS

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

Options and Shares granted to Directors

On 14th November 2017, following AGM approval, a total of 8,000,000 options were issued to some of the Directors for no consideration. They were valued at AU\$0.021 (US\$0.016) per option. The fair value of the options was determined using the Binomial options pricing model. They are exercisable on or before 13 November 2022 with an exercise price of AU\$0.0318/option. There were no vesting or performance conditions. No options were issued during the year to 30 June 2017.

	Year ended 30 June 2018
Fair value at grant date	AU\$0.0210 (US\$0.0160)
Share price	AU\$0.0310 (US\$0.0236)
Exercise price	AU\$0.0318 (US\$0.01910)
Expected volatility	85%
Expected option life	5 years
Expected dividends	Nil
Risk-free interest rate (based on government bonds)	2.24%

During year ended 30 June 2017, the Company made a discretionary grant of shares, following shareholder approval at the AGM on 17 November 2015, to Directors. 838,842 shares were issued and fully paid with a fair value of US\$22,347. The fair values of the shares were determined as the ASX market value on the day of issue. No shares were issued in the year to 30 June 2018.

Since 30 June 2018, no shares have been issued as a result of the exercise of options and no further options or shares have been granted.

Directors	Shares granted in year ended 30 June 2018	Shares granted in year ended 30 June 2017
Mr J van der Welle	-	93,629
Mr P Hill	-	517,545
Mr P Blakey	-	48,771
Mr D Cronin (resigned 31 December 2017)	-	130,126
Mr A Draffin	-	-
Mr G Higgins (appointed 1 January 2018)	-	-
Mr P Taylor	-	48,771

5. CAPITAL AND RELATED PARTIES DISCLOSURE (continued)

5.3.1 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 2018	Weighted average exercise prices 2018 AU\$	Number of options 2017	Weighted average exercise price 2017 AU\$
Outstanding at 1 July	7,600,000	0.0650	7,600,000	0.065
Cancelled during the period	-	-	-	-
Granted during the period	8,000,000	0.0318	-	-
Options exercised during the period	-	-	-	-
Options expired during the period	-	-	-	-
Outstanding at 30 June	15,600,000	0.048	7,600,000	0.065
Exercisable at 30 June	15,600,000	0.048	7,600,000	0.065

Share based payments – accounting policy

The fair value of options granted (determined using the Black-Scholes or the 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.

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.

5.4 RELATED PARTIES

5.4.1 Ultimate parent

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

5.4.2 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
Mr Peter Hill	Managing Director and Chief Executive Officer
Mr Peter Blakey	Non-Executive Director
Mr Damien Cronin	Non-Executive Director and Company Secretary (resigned 31 December 2017)
Mr Andrew Draffin	Non-Executive Director and Company Secretary (appointed 1 January 2018)
Mr Garrick Higgins	Non-Executive Director (appointed 9 October 2017)
Mr Peter Taylor	Non-Executive Director

5. CAPITAL AND RELATED PARTIES DISCLOSURE (continued)

Key management personnel compensation

	2018 US\$	2017 US\$
Short-term employee benefits **	530,314	495,646
Share based payments *	128,167	22,347
Post-employment benefits	19,176	16,525
Total compensation	677,657	534,518

*This represents the value of the rights and shares issued respectively.

** in 2017, this includes the cash element paid to the UK based Directors to cover the cost of PAYE income tax due on share issues.

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.

During the year the Company paid Damien Cronin Pty Ltd trading as Law Projects, a company controlled by Mr D Cronin, US\$18,536 (2017: US\$26,671) for company secretarial services, DW Accounting and Advisory Pty Ltd, a company controlled by Mr A Draffin US\$13,746 (2017: Nil) for company secretarial services and Northlands Advisory Services Limited, a company controlled by Mr J van der Welle, US\$44,066 (2017: US\$40,838) for consulting services.

Included in the above are the following amounts payable to related parties at 30 June 2018. All payable in full within 30 days of invoice, have standard industry terms and conditions and none of the amounts are secured on any assets. Amount owed to DW Accounting and Advisory Pty Ltd US\$15,290 (2017: US\$Nil), Northlands Advisory Services US\$10,732 (2017: US\$10,568) and Law Projects US\$Nil (2017: US\$2,303).

6. RESULTS FOR THE YEAR

6.1 OPERATING SEGMENTS

6.1.1 Information about reporting segments

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

The Group currently holds prospective oil and gas exploration interests offshore Namibia.

6.1.2 Segment results

The following is an analysis of the Group's results by reportable segment. The Group had no revenue during the period (2017: Nil)

	Africa		Consolidated	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Segment results				
Interest income	-	-	79,813	48,814
Net foreign exchange gain (loss)	-	-	(13,369)	(11,791)
Corporate and administration costs	-	-	(1,903,847)	(1,871,139)
Equity based remuneration	-	-	(128,167)	(22,347)
Profit (loss) before income tax	-	-	(1,965,570)	(1,856,463)
Income tax (expense) benefit for continuing operations	-	-	-	-
Profit (loss) for the year	-	-	(1,965,570)	(1,856,463)

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6. RESULTS FOR THE YEAR (continued)

6.1.3 Segment assets and liabilities

	Africa		Consolidated	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Segment assets				
Assets	2,004,324	1,125,077	2,004,324	1,125,077
Total segment assets	2,004,324	1,125,077	2,004,324	1,125,077
Unallocated assets			5,083,492	7,979,910
Consolidated assets			7,087,816	9,104,987
Segment liabilities				
Liabilities	87,282	277,397	87,282	277,397
Total segment liabilities	87,282	277,397	87,282	277,397
Unallocated liabilities			321,324	310,976
Consolidated liabilities			408,606	588,373
Acquisition of non-current assets, including capitalised exploration assets	879,030	822,448	879,030	822,448

Segment reporting – accounting policy

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.

6.2 TAXES

	2018 US\$	2017 US\$
Reconciliation between profit (loss) before tax and tax expense		
Profit (loss) of continuing operations before tax expense	(1,965,570)	(1,856,463)
Prima facie tax expense (benefit) at 19% (2017: 19.75%)	(373,458)	(366,651)
<i>Increase (decrease) in income tax expense due to:</i>		
Expenditure not allowable for income tax purposes	6,550	10,667
Adjustment for different tax rates and consequences of changing tax domicile	38,622	50,483
Deferred tax assets not recognised	328,286	305,501
Income tax (benefit) expense on pre-tax net profit (loss)	-	-

6. RESULTS FOR THE YEAR (continued)

6.2.1 Current tax payable

The Group has no current tax payable (2017: Nil)

On 1 April 2014, Global Petroleum Limited changed its tax domicile from Australia to the United Kingdom. However it must be noted that under Australian tax law, Global Petroleum Limited remains an Australian tax resident. As a result, Global Petroleum Limited is a tax resident of both Australia and the United Kingdom. Under the terms of the Australia-United Kingdom Double Tax Treaty Global Petroleum Limited will be a dual resident company deemed to be a resident in the UK for the purposes of allocating taxing rights.

6.2.2 Deferred income tax

	2018 US\$	2017 US\$
<i>Deferred tax assets</i>		
Tax losses available to offset future taxable income	1,911,890	1,583,604
Tax benefit not brought to account	(1,911,890)	(1,583,604)
	-	-

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 which amount to US\$1,911,890 (2017: US\$1,583,604).

The amount of UK tax losses carried forward is US\$9.43m as at 30 June 2018 (2017: US\$8.03m). A corresponding deferred tax asset, calculated using the rate of 17%, of US\$1.6m (2017: US\$1.36m) has not been recognised due to insufficient certainty regarding the availability of future profits against which the losses can be utilised. The reduction in the main rate of corporation tax rate to 17% from 2020 was enacted in September 2016. It is not expected that the tax losses will be utilised before 2020 therefore a potential deferred tax asset has been calculated using this rate.

In addition, the Group has a pool of pre-trading expenditure of US\$0.77m (2017: US\$0.36m) arising in the overseas subsidiaries for which no deferred tax asset has been recognized due to insufficient certainty regarding the availability of future profits against which the costs can be utilised.

6. RESULTS FOR THE YEAR (continued)

Tax - accounting policy

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 future.

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.

6.3 EARNINGS PER SHARE

	2018 US Cents per share	2017 US Cents per share
Basic earnings (loss) per share	(0.970)	(0.917)
Diluted earnings (loss) per share	(0.970)	(0.917)

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

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2018



6. RESULTS FOR THE YEAR (continued)

	2018 US\$	2017 US\$
Net profit (loss) used in calculating basic and diluted earnings per share	(1,965,570)	(1,856,463)

	Number of shares 2018	Number of shares 2017
Weighted average number of ordinary shares used in calculating basic earnings per share	202,652,927	202,519,632
Effect of dilutive securities	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	202,652,927	202,519,632

Earnings per share - accounting policy

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.

7. OTHER

7.1 PROVISIONS

	2018 US\$	2017 US\$
Current		
Make good provision	-	26,764
Employee benefits	141,095	117,055
	141,095	143,819

7. OTHER (continued)

Provisions - accounting policy

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.

Employee benefits – accounting policy

Liabilities for wages, salaries and remuneration, 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.

7.2 CONTINGENCIES

7.2.1 *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 2018 and 30 June 2017.

7.2.1 *Joint operations*

In accordance with normal industry practice the Group 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.

7.3 SUBSEQUENT EVENTS

On 18 September the Group signed a Petroleum Agreement to acquire Block 2011A offshore Namibia. via its wholly owned subsidiary Global Petroleum Namibia Limited.

The new block is immediately to the east of the Company's current licence PEL 0029 and comes with the following commitments.

- Under a work programme, the Company will carry out various studies and reprocess all existing seismic in the licence area which includes 3D seismic shot in Western part of the licence during the first two years;
- At the conclusion of two years, the Company has the option to either shoot a new 2,000 square kilometre 3D seismic data survey in the eastern part of Block 2011A, or alternatively opt to relinquish the licence.

As at the date of this report, there are no other matters or circumstances which have arisen since 30 June 2018 that have significantly affected or may significantly affect:

- (i) the operations, in financial years subsequent to 30 June 2018, of the Group;
- (ii) the results of those operations, in financial years subsequent to 30 June 2018, of the Group; or
- (iii) the state of affairs, in financial years subsequent to 30 June 2018, of the Group.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2018



7. OTHER (Continued)

7.4 AUDITOR'S REMUNERATION

	2018 US\$	2017 US\$
Audit services:		
Auditors of the Group, KPMG Australia – audit and review of financial reports	38,878	39,925
	38,878	39,925
Other services:		
Auditors of the Group, KPMG Australia - assurance, taxation and due diligence services	4,157	6,700
	4,157	6,700
	43,035	46,625

7.5 PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2018, the parent entity of the Group was Global Petroleum Limited.

	2018 US\$	2017 US\$
(a) Financial position of parent entity		
Assets		
Current assets	5,078,738	7,973,968
Non-current assets	2,559,643	1,094,850
Total assets	7,638,381	9,068,818
Liabilities		
Current liabilities	321,323	310,976
Non-current liabilities	-	-
Total liabilities	321,323	310,976
Net assets	7,317,058	8,757,842
Equity		
Issued capital	39,221,112	39,221,112
Option premium reserve	964,895	836,728
Accumulated losses	(32,868,949)	(31,299,998)
Total equity	7,317,058	8,757,842
(Loss) for the year	(1,568,951)	(1,715,822)
Total comprehensive gain (loss)	(1,568,951)	(1,715,822)

At 30 June 2018, the parent entity has no capital commitments (2017: Nil).

7. OTHER (Continued)

7.6 INTERESTS IN JOINT OPERATIONS

The Group holds interests in various joint ventures, whose principal activities are in petroleum exploration and production - refer 3.2.2

Costs incurred attributable to joint operations have been capitalised based on accounting policies in 3.1.

Included in the assets and liabilities of the Group are the following assets and liabilities:

	2018 US\$	2017 US\$
Current assets		
Trade and other receivables	16,179	15,961
Total current assets	16,179	15,961
Non-current assets		
Exploration asset	1,988,145	1,109,115
Total non-current assets	1,988,145	1,109,115
Total assets	2,004,324	1,125,076
Current liabilities		
Trade and other payables	87,282	277,397
Total current liabilities	87,282	277,397
Total liabilities	87,282	277,397
Net assets	1,917,042	847,679

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.

**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2018**



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 18 to 43 and the Remuneration Report in Section 12 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 2018 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 2018.

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

A handwritten signature in blue ink, appearing to read "Andrew Draffin", is written over a horizontal line.

ANDREW DRAFFIN
DIRECTOR and COMPANY SECRETARY

26 September 2018

Independent Auditor's Report

To the shareholders of Global Petroleum Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Global Petroleum Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2018;
- 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 then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration assets (\$1,988,145)	
Refer to Note 3.1 'Exploration assets'	
The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure capitalised as exploration assets (E&E) is a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of the activity to the Group's business and the balance (being 28% of total assets); and the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E. <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:</p> <ul style="list-style-type: none"> the determination of the areas of interest; and documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention to continue the relevant E&E activities. <p>In assessing the presence of impairment indicators, we focused on considering the existence of any matters that may draw into question the commercial continuation of E&E activities for the Namibian area of interest, which is the Group's only area of interest where capitalised E&E exists.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; We assessed the Group's determination of its Namibian area of interest for consistency with the definition in the accounting standard. This involved analysing the license in which the Group holds an interest and the exploration programmes planned for consistency with documentation such as license related technical conditions and planned work programmes; We assessed the Group's current rights to tenure of its Namibian area of interest by checking the ownership of the license to the agreement with the Namibian government registry. We also tested for compliance with conditions such as minimum expenditure requirements; We tested the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; We evaluated Group documents, such as minutes of Board meetings, for consistency with their stated intentions for continuing E&E activities in the Namibian area of interest. We corroborated this through interviews with key personnel; We analyzed the Group's assessment of impairment indicators for its Namibian area of interest for consistency with the requirements of the accounting standard by: <ul style="list-style-type: none"> checking the status of the right to tenure in the agreement with the Namibian government registry; and evaluating the Group's documentation of the results of recent exploration activities and planned future activities, including work programmes and budgets.

Other Information

Other Information is financial and non-financial information in Global Petroleum Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Global Petroleum Limited for the year ended 30 June 2018 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in Section 12 of the Directors' Report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Jason Adams
Partner

Brisbane
26 September 2018

ADDITIONAL INFORMATION



The shareholder information set out below was applicable as at 19 September 2018.

1. TWENTY LARGEST SHAREHOLDERS

As at the date of this Report, the names of the twenty largest holders of securities listed on the Company's Australian Share Register are listed below. Certain other interests may be held in the Depository Interests Register maintained in the United Kingdom by Computershare UK Limited on behalf of the Company. Directors' total shareholdings as at 30 June 2018 are given in Section 5 and 12 of the Remuneration Report.

		Ordinary Shares	
		Number	Percentage
1	COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	69,484,892	34.29
2	MR PETER BLAKEY	39,099,318	19.29
3	MR PETER TAYLOR	37,543,319	18.53
4	MRS SANDRA ANNE DAVID	6,845,660	3.38
5	COSMOS NOMINEES PTY LTD <THE PLASTICS CENTRE S/F A/C>	3,450,000	1.70
6	MR THOMAS PATRICK CROSS + MS LINDA CROSS	2,776,400	1.37
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,678,923	0.83
8	I P M PERSONAL PENSION TRUSTEES LIMITED	1,556,000	0.77
9	MR BRIAN CRAWSHAW	1,500,000	0.74
10	PIAT CORP PTY LTD	1,500,000	0.74
11	MR TERRENCE PETER WILLIAMSON + MS JONINE MAREE JANCEY <THE WILJAN SUPER FUND A/C>	1,500,000	0.74
12	ARREDO PTY LTD	1,430,000	0.71
13	MANLE PTY LTD	1,000,000	0.49
14	PIAT CORP PTY LTD	1,000,000	0.49
15	TOLTEC HOLDINGS PTY LTD	891,449	0.44
16	MR ROBERT HASTINGS SMYTHE <SUPER FUND A/C>	871,800	0.43
17	MILLSY PTY LTD <BROUN SUPER FUND A/C>	850,000	0.42
18	MR JOHN MEGARRITY	760,000	0.38
19	TCH HOLDINGS PTY LTD <THE TRAVIS INVESTMENT A/C>	750,000	0.37
20	MR PETER GERARD HILL	710,000	0.35
Total Top 20		175,197,761	86.45
Others		27,455,166	13.55
Total Ordinary Shares on Issue		202,652,927	100.00%

ADDITIONAL INFORMATION



2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

Range	Ordinary Shares	
	Number of Shareholders	Number of Shares
1 – 1,000	824	361,904
1,001 – 5,000	604	1,562,193
5,001 – 10,000	183	1,426,038
10,001 – 100,000	332	10,558,013
100,001 and over	75	188,744,779
	2,064	202,652,927
The number of shareholders holding less than a marketable parcel of shares (minimum AU\$ 500.00 parcel at AU\$ 0.0440 per unit) are:	1,640	3,658,496

3. VOTING RIGHTS

See Note 5 of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

The last Substantial Shareholder notices have been received previously from the following (current for the number of voting rights as at the date of the notices). Messrs Blakey and Taylors' total shareholdings (listed on the Company's Australian Share Register and held in the Depository Interests Register maintained in the United Kingdom) as at 30 June 2018 are given in Sections 5 and 12 of the Remuneration Report:

Substantial Shareholder	Number of Votes
Peter Blakey	39,840,133
Peter Taylor	41,629,071

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 - A\$0.0650 incentive options expiring 27 November 2019	6,000,000
Peter Hill – A\$0.0318 incentive options expiring 13 November 2022	6,000,000
Total Peter Hill incentive options	12,000,000
Total unquoted securities in issue	15,600,000

ADDITIONAL INFORMATION



6. ON-MARKET BUY BACK

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

7. EXPLORATION/PROJECT INTERESTS

As at 19 September 2018 the Company has an interest in the following projects, via its wholly owned subsidiary, Global Petroleum Namibia Limited.

∴

Project	Interest
Namibia	
Petroleum Exploration Licence No.0029	85% WI
Petroleum Agreement to acquire Block 2011A	85% WI

Directors	Mr Peter Hill Mr John van der Welle Mr Peter Blakey Mr Damien Cronin Mr Andrew Draffin Mr Peter Taylor	Managing Director and Chief Executive Officer Non-Executive Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Mr Andrew Draffin	
Registered and Principal Office	C/o DW Accounting & Advisory Pty Ltd Level 4, 91 William Street Melbourne, Victoria, 3000 Australia	
	Telephone	+61 3 8611 5333
	Facsimile	+61 3 9620 0070
UK Office	111 Buckingham Palace Rd London SW1W 0SR, United Kingdom	
	Telephone	+44 20 7495 6802
	Facsimile	+44 20 7340 8501
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 Home Exchange – Sydney Office Australia Square Level 6, 123 George Street Sydney NSW 2000, Australia	
	AIM of the London Stock Exchange 10 Paternoster Square London EC4M 7LS, United Kingdom	
ASX/AIM Code	GBP – Fully paid ordinary shares	
Share Register	Computershare Investor Services Pty Ltd 117 Victoria Street West End QLD 4101, Australia	
	Telephone	+61 7 3237 2100
	Facsimile	+61 7 3237 2152
	Computershare Investor Services PLC The Pavilions, Bridgewater Road Bristol BS99 7NH, United Kingdom	
	Telephone	+44 870 889 3105
	Facsimile	+44 870 703 6106