GLOBAL PETROLEUM LIMITED

ABN 68 064 120 896

ANNUAL FINANCIAL REPORT

30 JUNE 2016

The Directors of Global Petroleum Limited present their report together with the consolidated financial statements of the Group comprising 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 2016 ("Consolidated Entity" or "Group").

Contents

Directors' Report

DIRECTORS' REPORT
For the year ended 30 JUNE 2016

28 September 2016

Dear Shareholders

We are pleased to present to you the Global Petroleum 2016 Annual Report.

During the period covered by this report macro-economic factors have remained challenging and continue to form the context for both operational and commercial activity in the upstream energy business. The Company has made significant progress in reducing its costs in response to these factors. The Brent oil price averaged $45 per barrel in the reporting year to 30 June 2016, compared to $75 in the preceding year to end June 2015. It is instructive to note that the average oil price in the twelve months to June 2014 (just before the oil price began to fall) was $109 per barrel.

The Company's Petroleum Exploration Licence offshore Namibia was extended in December 2015 into Phase 2, which has a duration of 24 months, with a reduced Minimum Work Programme. In place of the previous well commitment in Phase 2, the Company undertook to reprocess and re-interpret previously acquired 2D seismic and to shoot 800 kilometres of new 2D. To this end the Company's technical team has evaluated reprocessed 2D seismic data from the 1990s which was purchased earlier this year, and has recently taken delivery of reprocessed speculative 2D seismic data shot over its blocks in 2011/12 by the seismic company, TGS. The evaluation of this reprocessed data has proven to be very encouraging with regard to the hydrocarbon potential in Global's blocks. Notably the work has increased confidence in a syn-rift oil play in the outboard or deep water region offshore Namibia, and the likely presence of both reservoir and source within the Company's blocks. Combined with the existing prospect portfolio within the blocks, this has improved Global's view on the overall prospectivity of the acreage. Planning for the acquisition of infill 2D seismic survey data – likely to be shot in 2017- is also in progress in liaison with the Namibian Ministry of Mines and Energy.

The Company's four exploration applications offshore Italy are progressing and we are currently awaiting an Environmental Decree from the Italian Ministry of the Environment.

Financial

During the year ended 30 June 2016, the Group recorded a loss after tax of US$2,336,513 (2015: loss US$4,469,837). Cash balances at 30 June 2016 amounted to US$10,172,598 (2015: US$12,707,727). The Group has no debt.

Board

In January 2016 Mr Peter Dighton resigned from the Board to devote more time to his other business interests, and we thank Peter for his valuable contribution over the years he was a Non-Executive Director.

On 10 June 2016 we welcomed Mr Andrew Draffin to the Board as a Non-Executive Director. Andrew is a Melbourne based Chartered Accountant with a strong focus on corporate, treasury and financial services, provided to both listed and private companies covering a broad range of industries, including the energy and mining sectors.

Strategy and Outlook

The Company has continued to seek opportunities which would balance its existing higher risk/reward portfolio in Namibia and Italy (once awarded), prioritising investment in discovered contingent resources and/or exploration in proven hydrocarbon provinces.

Accordingly, over the past 12 months we have continued to engage with counterparties holding appropriate assets. We have found that a common feature of such assets is the presence of heavy work commitments, undertaken in a better macro-economic environment. This factor, combined with structural issues regarding availability of finance, continues to be a major hindrance for us in concluding transactions.

We would note, by way of contrast, that over the equivalent period Global Petroleum has not taken on acreage with short-term well commitments. Still less have we utilised our funds to drill high-risk frontier exploration wells.
Your Company is therefore well placed in comparison to many of its peers. We retain a strong cash position and remain confident of making a key investment in due course.

We look forward to meeting Shareholders at the Company's Annual General Meeting in November 2016.

John van der Welle
Non-Executive Chairman

Peter G. Hill
Chief Executive Officer

1. OPERATING AND FINANCIAL REVIEW

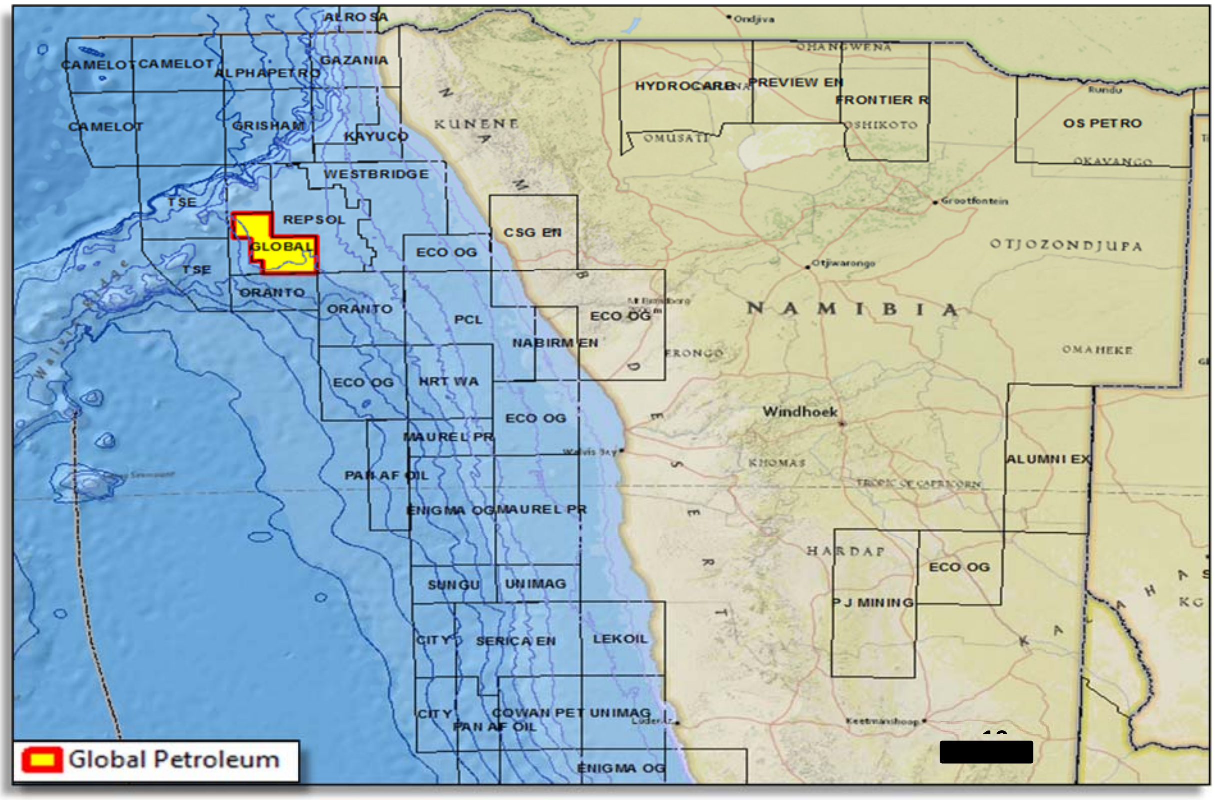
Namibian Project

The Namibian Project consists of an 85% participating interest in Petroleum Exploration Licence Number 29 ("Licence") covering Offshore Blocks 1910B and 2010A in the Republic of Namibia. The Licence, issued on 3 December 2010, originally covered 11,730 square kilometres and is located offshore Namibia in water depths ranging from 1,300 metres to 3,000 metres (Refer Figure 1). The Initial Exploration Period of the Licence expired in December 2014, and Global fulfilled its corresponding work obligations approximately halfway through the initial four year term. The Company agreed with the Namibian Ministry of Mines and Energy ("MME") a 12 month extension of the Initial Exploration Period to December 2015, on the basis of an agreed work programme which entailed further interpretation work on existing seismic data.

In December 2015, the Company entered into the First Renewal Exploration Period (Phase 2) of the Licence, making a mandatory relinquishment of 50% of the Licence Area. Phase 2 is for a duration of 24 months with a reduced Minimum Work Programme which does not now contain a well commitment. Instead, the Company has undertaken to reprocess and re-interpret previously acquired 2D seismic and to shoot 800 kilometres of new 2D. To this end the Company's technical team has evaluated reprocessed 2D seismic data from the 1990s which was purchased earlier this year, and has recently taken delivery of reprocessed speculative 2D seismic data shot over its blocks in 2011/12 by the seismic company, TGS. Work on the seismic continues to be very encouraging with regard to the hydrocarbon potential in Global's blocks. Notably the work has increased confidence in a syn-rift oil play in the outboard or deep water region offshore Namibia and the likely presence of both reservoir and source within the Company's blocks. Combined with the existing prospect portfolio within the blocks, this has improved Global's view on the overall prospectivity of the acreage. Planning for the acquisition of infill 2D seismic survey data – likely to be shot in 2017- is also in progress in liaison with the Namibian Ministry of Mines and Energy.

The Company's wholly owned subsidiary, Jupiter Petroleum (Namibia) Limited, remains operator with an 85% interest in the two blocks, with partners NAMCOR and Bronze Investments Pty Ltd (Bronze) holding 10% and 5% respectively, both as carried interests.

Map of offshore Namibia showing Global blocks.



1. OPERATING AND FINANCIAL REVIEW (continued)

Permit Applications in the Southern Adriatic, Offshore Italy

In August 2013, the Company submitted an application and proposed work programme and budget to the Italian Ministry of Economic Development for four exploration areas offshore Italy (the "Permit Applications").

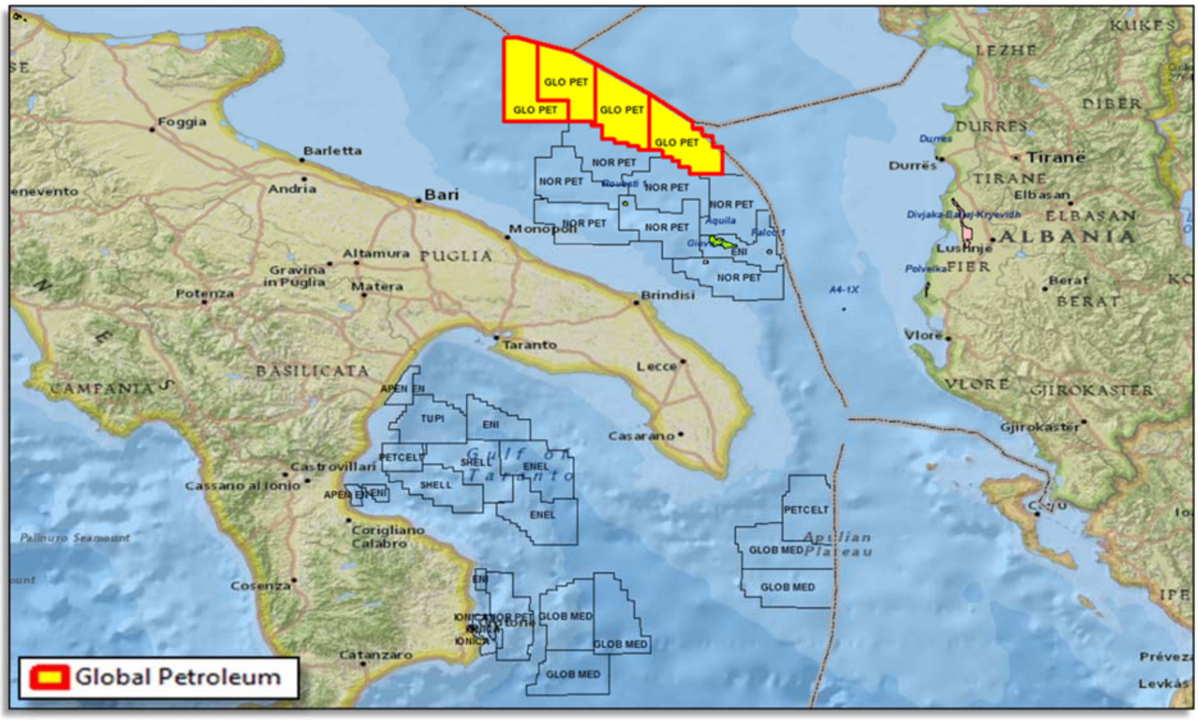
The overall political context in Italy over the period since the submission of the Permit Applications has complicated the process. Notwithstanding, we believe that the Permit Applications are progressing satisfactorily. The Italian authorities have now confirmed that the requirements relating to financial and technical capacity have been met by Global, and we are currently awaiting an Environmental Decree from the Italian Ministry of the Environment, which is the last stage before final award of the Permits.

In the meantime, the Company has been working closely with the Italian Ministry of Economic Development to clarify and refine the proposed work programme on all applications.

Concurrently, the Company has been carrying out a review of available well and seismic data and previous studies to assess the prospectivity of the licences. The review demonstrates that the licences are favourably positioned within, or at the edge of, the proven Southern Adriatic basin in which the currently producing 'Aquila' field is located. Multiple prospects and leads can be defined of which the most significant is the 'Daunio' lead, which as currently mapped has a large areal extent of close to 100 sq km.

Currently available seismic data are sparse and once the licences are finally awarded, acquisition of new 2D seismic data will be carried out, which will allow the prospects to be defined in more detail.

Map of Southern Adriatic showing Global's Permit Applications.



The Southern Adriatic and adjacent areas continue to be the focus of industry activity. Within the Italian Southern Adriatic for example, seismic acquisition companies are planning to run large multi-client 2D acquisition programmes. Recent licensing rounds in neighbouring countries have attracted the interest of large companies.

In Montenegro, offshore concessions have very recently been awarded to Marathon, OMV and Eni, with these companies also having been awarded offshore licences in Croatia. In Albania, an onshore licensing round has concluded, with several applicants. Shell have operated with some success in Albania exploring and developing fields with similar geological characteristics to those encountered offshore in the Southern Adriatic. There has also been significant corporate activity in Albania with a Chinese company purchasing the interests of Bankers Petroleum.

In Greece, there has been a major offshore licensing round off the west coast of the country, and also to the south of Crete. This has followed a major multi-client seismic survey in the area. The offshore Katakolon field, which has similar geology to the Southern Adriatic area, has had a field development plan prepared by the operator, Energean, with the aim of development drilling starting in the next 18 months.

1. OPERATING AND FINANCIAL REVIEW (continued)

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

Ratification of many of these licence awards has only recently taken place, so very little firm activity in terms of drilling and seismic is currently scheduled. This may also be a reflection of the low oil price environment. Nevertheless, the activity in terms of licensing and the size of companies involved underscores the interest in the Adriatic area and is viewed very positively by the Company as an endorsement of its Mediterranean focus.

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 implement a change of focus through acquisition. Accordingly, we have continued over the past 12 months to engage with counterparties holding appropriate assets. However, the ability to raise the finance necessary for funding asset development following an acquisition remains challenging in the context of the relative slump in the commodity price. A consistent feature in many potential opportunities which we have reviewed is the onerous work commitments which were undertaken by potential counterparties in a better macro-economic environment.

We would note, by way of contrast, that over the equivalent period Global Petroleum has not taken on acreage with short-term well commitments. Still less have we utilised our funds to drill high-risk frontier exploration wells. Your Company is therefore well placed in comparison to many of its peers. We retain a strong cash position and remain confident of making a key investment in due course.

Results of operations

	2016 US$	2015 US$
Loss from continuing operations before tax	(2,336,513)	(4,469,837)
Income tax benefit (expense)	-	-
Net profit (loss)	**(2,336,513)**	**(4,469,837)**

The results of the Consolidated Entity include revenue from interest income of US$43,942 (2015: US$72,880).

Presentation currency

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

Review of financial condition

As at 30 June 2016, the Group had cash of US$10,172,598 (2015: US$12,707,727) and has no debt.

2. DIRECTORS

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

Unless otherwise disclosed, Directors held their office from 1 July 2015 until the date of this report.

Mr John van der Welle B.Sc. ACA, FCT, CTA Chairman	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. Mr van der Welle was also a Non-Executive Director of Madagascar Oil from its IPO on AIM in 2010 until December 2012. Mr van der Welle was appointed as Non-Executive Chairman on 10 February 2014.

2. DIRECTORS (continued)

Mr Peter Hill MA Law (Oxon) Managing Director Chief Executive Officer	Mr Hill has extensive experience in the energy sector as a senior executive with a significant track record worldwide in high-level M&A and business development roles, primarily in the oil industry. Most recently Mr Hill was the global head of Corporate M&A for Statoil ASA, where he was responsible for several large transactions, being a key member of the team responsible for Statoil's merger with Norsk Hydro Oil & Gas in December 2006, and leading the acquisition of EnCana's Gulf of Mexico deepwater assets in 2005. Prior to agreeing to join Global, Mr Hill was responsible for supervising execution of the IPO of Statoil's Energy & Retail division in the latter part of 2010. Previously Mr Hill set up the international business of Waterous & Co as Managing Director in the UK, and before that worked for Enterprise Oil plc for many years, latterly as Head of International New Ventures. Mr Hill started in the energy industry with Total Oil Marine and is a UK qualified solicitor, having commenced his career with Clifford Chance. He holds an MA in Law from Oxford University. Mr Hill was appointed as Managing Director and Chief Executive Officer of the Company on 1 September 2011. Mr Hill has not held any other directorships of publicly listed companies in the last three years.
Mr Peter Blakey B.Sc CEng Non-Executive Director	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 cofounded and was a Director of TM Oil Production which later became Dana Petroleum plc. 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 cofounded 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. 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.
Mr Damien Cronin MAICD MQLS Independent Non-Executive Director and Company Secretary	Mr Cronin is a solicitor who has over 25 years' experience in the oil and gas and resources sectors and has held senior legal and commercial roles with Rio Tinto, Shell, Duke Energy and Incitec Pivot. He has previously served as Company Secretary to a number of listed public companies in the oil and gas sector including Sunshine Gas Limited, Blue Energy Limited and as secretary to the operating committee of a number of mining joint ventures, including that for the Sonoma Coal Mine. Mr Cronin was appointed Director and Company Secretary on 31 December 2011. Mr Cronin has not held any other directorships of publicly listed companies in the last three years.

2. DIRECTORS (continued)

Mr Peter Dighton LLB (QUT) Independent Non-Executive Director (resigned 25 January 2016)	Mr Dighton was appointed Director on 31 December 2011 and resigned with effect from 25 January 2016. Mr Dighton is a lawyer who specialises in upstream petroleum and LNG projects. He was previously a Non-Executive Director of Global from 2003-2008 and has also served on the board of the listed entities Falklands Oil and Gas Limited (Dec 2004 – Nov 2009) and Texon Petroleum Limited (May 2006 – Dec 2009). He was also a Director of OSD Pipelines Pty Ltd and Diversified Mining Services Limited and was the Australasian representative of the floating LNG developer Flex LNG Limited. Mr Dighton has not held any other directorships, other than those listed above, of publicly listed companies in the last three years.
Mr Andrew Draffin (CA) Independent Non-Executive Director (from 10 June 2016)	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. Mr Draffin is a director of EnviroMission Ltd and Gladiator Resources Ltd.
Mr Peter Taylor B.Sc CEng Non-Executive Director	Peter Taylor has over 40 years' experience in the oil and gas industry. He cofounded 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 cofounded and was a Director of TM Oil Production which later became Dana Petroleum plc. 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 cofounded 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. 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.

3. COMPANY SECRETARY

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

4. DIRECTORS' MEETINGS

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

	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Mr J van der Welle	6	6
Mr P Hill	6	6
Mr P Blakey	6	5
Mr D Cronin	6	6
Mr P Dighton (resigned 25 January 2016)	3	3
Mr A Draffin (appointed 10 June 2016)	0	0
Mr P Taylor	6	6

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 30 June 2016:

	Interest in Securities at the Date of this Report	
Directors	**Ordinary Shares[(1)]**	**Incentive Options [(2)]**
Mr J van der Welle	197,522	1,000,000
Mr P Hill	2,226,927	6,000,000
Mr P Blakey	39,791,362	-
Mr D Cronin	347,889	300,000
Mr P Dighton (resigned 25 January 2016)	N/A	N/A
Mr A Draffin (appointed 10 June 2016)	-	-
Mr P Taylor	41,580,300	-

Notes

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

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

6. DISCRETIONARY GRANTS OF SHARES AND SHARE OPTIONS.

During the year the Company made several discretionary grants of shares, following shareholder approval at the AGM on 17 November 2015, to Directors. 2,369,298 ordinary shares were issued and fully paid (US$53,183) - refer 13.2 and 13.3.

Since 30 June 2015, no shares have been issued as a result of the exercise of options.

Since 30 June 2015 no further options have been granted.

7. PRINCIPAL ACTIVITIES

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

Objectives

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

8. DIVIDENDS

No dividends were paid during the financial year ended 30 June 2016 (2015: Nil).

9. EVENTS SUBSEQUENT TO REPORTING DATE

The Company decided on 19 July 2016, following 12 months of operation of the discretionary share scheme for Directors previously approved by shareholders, and following a substantial reduction achieved in the Company's costs and a significant improvement in the Company's trading position and market conditions generally, to discontinue the discretionary share scheme immediately following the grant and allotment of a final tranche of such shares in August 2016. In addition, with effect 1 August 2016, Directors' fees and salary would revert to the pre 1 August 2015 levels.

As at the date of this report, there are no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2016, of the Consolidated Entity;
(ii) the results of those operations, in financial years subsequent to 30 June 2016, of the Consolidated Entity; or
(iii) the state of affairs, in financial years subsequent to 30 June 2016, of the Consolidated Entity.

10. LIKELY DEVELOPMENTS

It is the Board's current intention that the Consolidated Entity will focus on maximising the value of its oil and gas exploration assets in Africa and continue to examine new opportunities in the oil and gas sector.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Group, and accordingly has not been disclosed.

11. INDEMNIFICATION INSURANCE OF OFFICERS

The Constitution of the 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$34,054 (2015: US$28,935) was paid by the Company.

12. NON-AUDIT SERVICES

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

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

> The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not 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 of jointly sharing risks and rewards.

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

GLOBAL PETROLEUM LIMITED

12. NON-AUDIT SERVICES(continued)

	2016 US$	2015 US$
Audit services:		
Auditors of the Group, KPMG Australia – audit and review of financial reports	53,088	59,058
	53,088	**59,058**
Other services:		
Auditors of the Group, KPMG Australia		
- taxation services	10,052	2,306
	10,052	**2,306**
	63,140	**61,364**

13. REMUNERATION REPORT - AUDITED

13.1 Principles of compensation – audited

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

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

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

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

(iii) measures other than profit which may be generated from asset sales, as the Group is currently undertaking new project acquisition, exploration and development activities 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 shares in 2015 and 2016, approved by shareholders in 2015, the grant of options, approved by shareholders in 2012 and the grant, and the cancellation and re-grant of options, approved by shareholders, in 2013 and 2014.

13.2 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). 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.

(i) Fixed remuneration

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

The fixed remuneration is reviewed annually by the Board in the absence of a Remuneration and Nomination Committee. The process consists of a review of Company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. However external advice has not been sought in 2016 (2015: none).

13. REMUNERATION REPORT – AUDITED (continued)

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

Executive Director remuneration (continued)

(ii) Performance based remuneration – short term incentive

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

During the 2016 financial year, no cash bonuses were paid or are payable (2015: 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. No options were granted as remuneration during the 2016 financial year (2015: refer paragraph 13.3 below).

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

In July 2015, the Board resolved to reduce the remuneration of Board members in response to the low oil price and the other difficult economic conditions then being experienced. From 1 August 2015 Mr Hill's salary was therefore reduced by 25% so that his gross salary for the reporting period was GBP192,708 (US$283,801) (2015: GBP250,000 (US$406,668) plus health insurance during 2016 of GBP7,966 (US$12,413) (2015: GBP7,423 (US$12,715)).

In addition, the Board also resolved that the reduction in Directors' remuneration may, if the Board decides at the relevant time, be replaced by periodically issuing Shares to those Directors up to a maximum value of the reduction in each Director's cash remuneration. Any such share award made to a Director will be subject to that Director being a Director of the Company on the date of award, and in making an award, the Board will take account of the Director's performance. This was approved at the AGM on 17 November 2015.

Share awards to UK Directors are subject to UK Income Tax and National Insurance deduction under Pay As You Earn scheme (PAYE). UK directors were allocated part of their share based payment as cash in order to pay these PAYE obligations. The value of the shares issued to Mr Hill was US$ 34,117 and corresponding PAYE was GBP 18,093 (US$26,038) (2015: Nil) - refer 13.3.

Non-Executive Director remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Group, incentive options have been used to attract and retain certain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required however no external advice has been sourced in 2016 (2015: none).

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. 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.

13. REMUNERATION REPORT – AUDITED (continued)

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

Non-Executive Director remuneration (continued)

In July 2015, the Board resolved to reduce the remuneration of the Non-Executive Directors by 25% in response to the low oil price and the other difficult economic conditions then being experienced. This change was effective from 1 August 2015.

In addition, the Board also resolved that the reduction in Directors' remuneration may, if the Board decides at the relevant time, be replaced by periodically issuing shares to those Directors up to a maximum value of the reduction in each Director's cash remuneration. Any such share award made to a Director will be subject to that Director being a Director of the Company on the date of award, and in making an award, the Board will take account of the Director's performance. This resolution was approved by shareholders at the AGM on 17 November 2015.

Share awards to UK Directors are subject to UK Income Tax and National Insurance deduction under Pay As You Earn scheme (PAYE). UK directors were allocated part of their share based payment as cash in order to pay these PAYE obligations. The value of the shares issued to Mr J van der Welle was US$4,373 (2015: Nil) and corresponding PAYE tax was GBP2,318 (US$3,327) (2015: Nil), for Messrs Blakey and Taylor the value of the shares issued was US$2,926 and corresponding PAYE tax was GBP1,525 (US$2,197) (2015: Nil) Refer Section 13.3. Australian based Directors shares were valued as follows: Mr Cronin US$7,806, Mr Dighton US$1,035 and Mr Draffin Nil (2015: Cronin, Dighton and Draffin - Nil) there was no cash element paid to Australian Director.

Non-Executive Director fees for the reporting period for Messrs Blakey and Taylor were set at GBP29,382 (US$34,882) each - (2015:AU$45,000 (US$36,789) each). Mr van der Welle's fees were set at GBP25,051 (US$36,988) – (2015: GBP32,500 (US$51,217)), Messrs Dighton and Cronin fees were set at AU$23,125 (US$18,376) each - (2015:AU$30,000 (US$24,643) each) and Mr Draffin's fees set at AU$30,000 (US$22,275) – (2015: Nil). These fees relate to responsibilities as a Director only. Refer to Sections 13.2 and 13.3 of this report for further details. Non-Executive Directors can rescind their position at any time by submitting their resignation in writing. A Non-Executive Director's appointment can be terminated 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 2016 contributions to Messrs Dighton, Cronin and Draffin were US$1,413; US$1,517 and US$116 respectively (2015: Dighton and Cronin US$2,209 each, Mr Draffin Nil).

Relationship between remuneration of KMP and shareholder wealth

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

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

Employment contracts with key management personnel

Mr P Hill, Managing Director and Chief Executive Officer, has a Contract of Employment with Global Petroleum Limited dated 1 August 2011 (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 initially provided for termination by either party on three months' notice, which was amended in 2015 to twelve months' notice. Upon notice Mr Hill will be entitled to his salary and related benefits up to the end of the notice period. The Contract of Employment does not provide for any additional termination payout.

GLOBAL PETROLEUM LIMITED

13. REMUNERATION REPORT - AUDITED (continued)

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

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

			Short-Term[(1)]	Post-Employment	Share- Based Payments	Total	Proportion of Remuneration Performance Related
		Salary	Directors' Fees	Superannuation and other benefits	Shares[(2)]/ Options [(3)]		
Director		US$	US$	US$	US$	US$	%
Executive officers							
Mr P Hill	**2016**	**309,839**	**-**	**12,413**	**34,117[2]**	**356,369**	**-**
	2015	406,668	-	12,715	110,745[3]	530,128	-
Sub-total executive officers remuneration	**2016**	**309,839**	**-**	**12,413**	**34,117[2]**	**356,369**	**-**
	2015	406,668	-	12,715	110,745[3]	530,128	-
Non-Executive Directors							
Mr van der Welle	**2016**	**-**	**40,315**	**-**	**4,373[2]**	**44,688**	**-**
	2015	-	51,217	-	20,064[3]	71,281	-
Mr P Blakey	**2016**	**-**	**37,079**	**-**	**2,926[2]**	**40,005**	**-**
	2015	-	36,789	-	-	36,789	-
Mr D Cronin [(4)]	**2016**	**-**	**18,376**	**1,517**	**7,806[2]**	**27,699**	**-**
	2015	-	24,643	2,209	4,175[3]	31,027	-
Mr P Dighton[(5)]	**2016**	**-**	**32,343[(5)]**	**1,413**	**1,035[2]**	**34,791**	**-**
	2015	-	24,644	2,208	4,175[3]	31,027	-
Mr A Draffin[(6)]	**2016**	**-**	**1,342**	**116**	**-**	**1,458**	**-**
	2015	-	-	-	-	-	-
Mr P Taylor	**2016**	**-**	**37,181**	**-**	**2,926[2]**	**40,107**	**-**
	2015	-	36,789	-	-	36,789	-
Sub-total Non-Executive Directors' remuneration	**2016**	**-**	**166,636**	**3,046**	**19,066[2]**	**188,748**	**-**
	2015	-	174,082	4,417	28,414[3]	206,913	-
Total directors' and executive officers' remuneration	**2016**	**309,839**	**166,636**	**15,459**	**53,183[2]**	**545,117**	-
	2015	406,668	174,082	17,132	139,159[3]	737,041	-

Notes on following page

13. REMUNERATION REPORT - AUDITED (continued)

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

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

(1) There was no short term cash bonus paid during the year.

(2) Shares, refer to paragraphs 5 and 6 above, and 13.3 and 13.4 below. Amounts paid in cash to UK Directors relating to PAYE deductions have been included in salary and Directors' fees.

(3) Options, refer to 13.3 and 13.4 below.

(4) Mr D Cronin was remunerated US$19,950 (2015: US$38,634) as Company Secretary, separate to his role as Director and thus not included in the table above.

(5) Mr P Dighton resigned on 25 January 2016. Included in Mr Dighton's fees is an ex gratia cash payment of A$25,000 (US$17,851).

(6) Mr A Draffin was appointed on 10 June 2016.

(7) 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.

13.3 Equity instruments – audited

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

During the year the Company made several discretionary grants of shares, following shareholder approval at the AGM on 17 November 2015, to Directors. (Refer 13.2 *Non-Executive Director remuneration* and *Employment contracts with key management personnel*) 2,369,298 ordinary shares were issued and fully paid (US$53,183). The fair values of the shares were determined as the ASX market value on the days of issue.

Refer to 13.4 for the details of shares issued to individual directors.

No shares were issued in the year ended 30 June 2015.

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

No options were issued during the financial year ended 30 June 2016.

In the prior financial year, on 27 November 2014, the Company cancelled and re-granted 6,600,000 options to Messrs. Hill, Dighton and Cronin detailed below and approved by shareholders on 27 November 2014. These changes were accounted for as a modification of a share based payment (the vesting date was extended and the exercisable value was decreased) and, in accordance with AASB2, this resulted in an additional US$119,095 expensed to equity based remuneration over the vesting period of the options.

Cancelled options

P Hill:

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

P Dighton and D Cronin:

300,000 incentive options (each) exercisable at AU$0.25 each on or before 30 June 2019, vesting on 16 December 2013;

13. REMUNERATION REPORT - AUDITED (continued)

13.3 Equity instruments – audited (continued)

Re-granted options
P Hill:

i. 3,000,000 incentive options exercisable at AU$0.065 each on or before 23 December 2019, vesting on 27 November 2014;
ii. 3,000,000 incentive options exercisable at AU$0.065 each on or before 23 December 2019, vesting on 23 June 2015.

P Dighton and D Cronin:

300,000 incentive options (each) exercisable at AU$0.065 each on or before 23 December 2019, vesting on 27 November 2014.

The Company also issued 1,000,000 incentive options to Mr J van der Welle exercisable at AU$0.065 each on or before 23 December 2019, approved by shareholders on 23 December 2014. 500,000 options vested on the 27 November 2014 and the other 500,000 vested on 23 June 2015. These options have a fair value of US$20,064. This fair value has been recognized as an expense over the vesting period of the options in accordance with accounting standards.

The fair value of the options was determined using the Black Scholes option pricing model or the Binomial options pricing model. The total expense arising from the incentive options for the year ended 30 June 2016 was US$ Nil (2015: US$139,159). The expected volatility of the options was calculated using the Hoadley's volatility calculator for a 5 year period, using data extracted from Bloomberg. For the purpose of the valuations of options granted in 2015, the future estimated volatility level utilised was 60% in the pricing model.

	Year ended 30 June 2015
Fair value at grant date	AU$0.025 – 0.037(US$0.021 – 0.032)
Share price	AU$0.052 (US$0.044)
Exercise price	AU$0.065 – 0.30 (US$0.055 – 0.026)
Expected volatility	60%
Expected option life	0.25 – 4.56 years
Expected dividends	Nil
Risk-free interest rate (based on government bonds)	2.64%

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

13.4 Directors and Key Management Personnel transactions-audited

Loans to Directors

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

Movement in Shareholdings

2016 Directors	Held at 1 July 2015	Shares granted[2]	Held at 30 June 2016
Mr J van der Welle	-	197,522	197,522
Mr P Hill	710,000	1,516,927	2,226,927
Mr P Blakey	39,660,973	130,389	39,791,362
Mr D Cronin	-	347,889	,347,889
Mr P Dighton[1]	40,000	46,182	N/A[3]
Mr P Taylor[1]	41,449,911	130,389	41,580,300

Notes – on following page

13. REMUNERATION REPORT - AUDITED (continued)

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

Movement in Shareholdings (continued)

Notes

(1) Includes shares held by related parties.

(2) Shares granted represents the number of shares granted to directors as part of the discretionary share scheme approved by shareholders at the AGM on 17 November 2015.

(3) Mr Dighton resigned on 25th January 2016.

Movement in options

2016 Directors	Held at 1 July 2015	Granted as compensation	Exercised	Other changes	Held at 30 June 2016
Mr J van der Welle	1,000,000	-	-	-	1,000,000
Mr P Hill	6,000,000	-	-	-	6,000,000
Mr P Blakey	-	-	-	-	-
Mr D Cronin	300,000	-	-	-	300,000
Mr P Dighton	300,000	-	-	-	300,000
Mr A Draffin	-	-	-	-	-
Mr P Taylor	-	-	-	-	-

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 US$58,780 (2015: US$75,816) to TM Services Limited, a company controlled by Mr P Taylor and Mr P Blakey, for administrative and technical assistance, US$Nil (2015: US$27,396) to Law Strategies Pty Ltd, a company controlled by Mr P Dighton, for the provision of a fully serviced Australian office to the Company. The Company also paid Law Strategies Pty Ltd US$Nil (2015: US$30,368) for legal services, Damien Cronin Pty Ltd trading as Law Projects, a company controlled by Mr D Cronin, US$19,950 (2015: US$38,634) for company secretarial services and Northlands Advisory Services Limited, a company controlled by Mr J van der Welle, US$36,817 (2015: US$52,247) for consulting services. The Company also paid the following consultancy fees to the Directors: Mr P Blakey US$Nil (2015: US$25,420) and Mr P Taylor US$Nil (2015: US$25,420).

Included in the above are the following amounts payable to related parties at 30 June 2016. 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 TM Services US$4,539, Law Projects US$1,670 and Northlands Advisory Services US$9,472.

14. CORPORATE GOVERNANCE STATEMENTS

In accordance with changes to the ASX Listing Rules, the Company's Corporate Governance Statement is available on the Company's website at www.globalpetroleum.com.au.

15. 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 2016.

16. DIRECTORS' DECLARATION

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

DAMIEN CRONIN
DIRECTOR and COMPANY SECRETARY

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 2016 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
28 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 US$	2015 US$
Continuing operations			
Salaries and employee benefits expense		(366,325)	(549,896)
Administrative expenses		(1,280,992)	(1,441,982)
Other expenses	7	(540,856)	(1,155,434)
Impairment of exploration asset	9	-	(354,695)
Foreign exchange gain (loss)	10	(139,099)	(901,551)
Equity based remuneration		(53,183)	(139,159)
Results from operating activities before income tax		**(2,380,455)**	**(4,542,717)**
Finance income	6	43,942	72,880
Net finance income		**43,942**	**72,880**
Profit (loss) from continuing operations before tax		**(2,336,513)**	**(4,469,837)**
Income tax benefit (expense)	11	-	-
Profit (loss) from continuing operations after tax		**(2,336,513)**	**(4,469,837)**
Profit (loss) for the year		**(2,336,513)**	**(4,469,837)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Transfer from foreign exchange reserve on dissolution of a controlled entity	15	-	270,384
Other comprehensive income (loss) for the year, net of tax		**(2,336,513)**	**270,384**
Total comprehensive income (loss) for the year		**(2,336,513)**	**(4,199,453)**
Earnings per share			
Basic earnings (loss) per share (cents)	16	(1.167)	(2.241)
Diluted earnings (loss) per share (cents)	16	(1.167)	(2.241)

The Notes on pages 24 to 51 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

GLOBAL PETROLEUM LIMITED

	Notes	2016 US$	2015 US$
Assets			
Cash and cash equivalents	13	10,172,598	12,707,727
Trade and other receivables	12	128,710	150,386
Prepayments		58,925	117,711
Total current assets		**10,360,233**	**12,975,824**
Plant and equipment	8	12,341	15,354
Exploration assets	9	286,667	-
Total non-current assets		**299,008**	**15,354**
Total Assets		**10,659,241**	**12,991,178**
Liabilities			
Trade and other payables	18	193,543	246,542
Current tax payable	11	-	-
Provisions	19	98,553	94,161
Total current liabilities		**292,096**	**340,703**
Total non-current liabilities		-	-
Total Liabilities		**292,096**	**340,703**
Net Assets		**10,367,145**	**12,650,475**
Equity			
Share capital	15	39,198,764	39,145,581
Reserves	15	1,423,555	1,423,555
Accumulated losses	15	(30,255,174)	(27,918,661)
Total Equity		**10,367,145**	**12,650,475**

The Notes on pages 24 to 51 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to owners of the Company				
	Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	US$	US$	US$	US$	US$
2016					
Balance at 1 July 2015	**39,145,581**	**836,728**	**586,827**	**(27,918,661)**	**12,650,475**
Issue options	-	-	-	-	-
Issue of shares	53,183	-	-	-	53,183
Total comprehensive (loss) for the year:					
Profit (loss) for the year	-	-	-	(2,336,513)	(2,336,513)
Other comprehensive profit (loss) for the year:	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(2,336,513)	(2,336,513)
Balance at 30 June 2016	**39,198,764**	**836,728**	**586,827**	**(30,255,174)**	**10,367,145**
2015					
Balance at 1 July 2014	**39,145,581**	**697,569**	**316,443**	**(23,448,824)**	**16,710,769**
Issue of options	-	139,159	-	-	139,159
Total comprehensive profit (loss) for the year:					
Profit (loss) for the year	-	-	-	(4,469,837)	(4,469,837)
Other comprehensive profit (loss) for the year:					
Transfer of foreign exchange reserve on dissolution of a controlled entity	-	-	270,384	-	270,384
Total comprehensive income (loss) for the year	-	-	270,384	(4,469,837)	(4,199,453)
Balance at 30 June 2015	**39,145,581**	**836,728**	**586,827**	**(27,918,661)**	**12,650,475**

Amounts are stated net of tax

The Notes on pages 24 to 51 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

GLOBAL PETROLEUM LIMITED

	Notes	2016 US$	2015 US$
Cash flows from operating activities			
Cash paid to suppliers and employees		(2,290,121)	(2,902,272)
Interest received		43,942	72,880
GST/VAT refunds received		252,410	290,302
Tax (paid)/refund	11	-	(3,248)
Net cash from (used in) operating activities	14	**(1,993,769)**	**(2,542,338)**
Cash flows from investing activities			
Exploration and business development expenditure		(596,704)	(1,134,743)
Net cash from (used in) investing activities		**(596,704)**	**(1,134,743)**
Net decrease in cash and cash equivalents		**(2,590,473)**	**(3,677,081)**
Cash and cash equivalents at 1 July		12,707,727	16,608,591
Effects of exchange rate fluctuations on cash and cash equivalents		55,344	(223,783)
Cash and cash equivalents at 30 June	13	**10,172,598**	**12,707,727**

The Notes on pages 24 to 51 are an integral part of these consolidated financial statements.

INDEX TO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GLOBAL PETROLEUM LIMITED

INDEX TO SIGNIFICANT ACCOUNTING POLICIES

GLOBAL PETROLEUM LIMITED

1. REPORTING ENTITY

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 London Stock Exchange ("AIM"). The consolidated financial statements of the Company as at, and for the twelve months ended, 30 June 2016 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 2016 are available upon request from the Company's registered office at Level 5, Toowong Tower, 9 Sherwood Road Brisbane, QLD 4066, Australia or at www.globalpetroleum.com.au.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2016.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

- Note 9 – Exploration assets
- Note 11 – Taxes
- Note 19 – Provisions

2. BASIS OF PREPARATION (continued)

2.5 New standards and interpretations not yet adopted

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

- AASB 9 *Financial Instruments* (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.

  Certain aspects of the standard may be early adopted but have not been as the changes therein are not expected to materially impact Global, apart from some minor classification and disclosure changes in the financial statements as such.

- 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. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

- 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 is assessing the potential impact on its financial statements resulting from application of AASB 16.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Global Petroleum Limited and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2016.The accounting policies are stated to assist in a general understanding of the consolidated financial statements.

3.1. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 and the results of all subsidiaries for the year then ended.

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

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

Interest in joint operations

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

Business combinations

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Business combinations (continued)

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

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

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

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

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

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

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

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currency (continued)

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.

3.3 Financial instruments

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently at amortised cost less impairment losses. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables and other financial assets in the Consolidated Statement of Financial Position.

3.4 Exploration and evaluation expenditure

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Exploration and evaluation expenditure (continued)

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.

3.5 Oil and gas assets

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

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

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

3.6 Impairment

Financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

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

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

Non-Financial assets

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

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

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

3.7 Assets held for sale

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Employee benefits and share based payments

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Employee benefits payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits.

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

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

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

3.9 Provisions

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

3.10 Tax

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

Deferred tax assets and liabilities are recognised using the balance sheet method for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised using the balance sheet method for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Tax (continued)

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

3.11 Segment reporting

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

3.12 Discontinued operations

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

3.13 Cash and cash equivalents

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

3.14 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. An estimate of doubtful debts is made and taken to a provision account when collection of the full amount is no longer probable. Bad debts are written off as incurred.

3.15 Fair value estimation

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

3.16 Trade and other payables

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

3.17 Issued capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

3.19 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

3.21 Property, plant and equipment

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

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

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

Fixtures and fittings	5 - 10 years

4 DETERMINATION OF FAIR VALUES

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

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

4.1 Trade and other receivables

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

4.2 Share-based payment transactions

The fair value of options granted is measured using the Black-Scholes or the Binomial option pricing formula. Measurement inputs include the share price on the grant date, the 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.

GLOBAL PETROLEUM LIMITED

5 OPERATING SEGMENTS

Information about reporting segments

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

On 26 August 2011, Global acquired Jupiter Petroleum Limited, a company incorporated in the UK, which conducts all its activities in Southern Africa. It currently holds prospective oil and gas exploration interests offshore Namibia. In July 2015, a decision was made by the Company to withdraw from the Juan de Nova Est application resulting in the exploration asset being fully impaired at 30 June 2015. No exploration expenditure was incurred in Juan de Nova during the 2016 year.

(a) Segment revenues and results

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

	Africa		Consolidated	
	2016 US$	2015 US$	2016 US$	2015 US$
Segment revenue				
External revenue	-	-	-	-
Total revenue	**-**	**-**	**-**	**-**
Segment results				
Segment result	(91,749)	(393,596)	(91,749)	(393,596)
Impairment of exploration asset	-	(354,695)	-	(354,695)
	(91,749)	**(748,291)**	(91,749)	**(748,291)**
Interest income			43,942	72,880
Net foreign exchange gain (loss)			(139,099)	(901,551)
Corporate and administration costs			(2,096,424)	(2,753,716)
Equity based remuneration			(53,183)	(139,159)
Profit (loss) before income tax			**(2,336,513)**	**(4,469,837)**
Income tax (expense) benefit for continuing operations			-	-
Profit (loss) for the year			**(2,336,513)**	**(4,469,837)**

(b) Segment assets and liabilities

	Africa		Consolidated	
	2016 US$	2015 US$	2016 US$	2015 US$
Segment assets				
Assets	301,912	26,699	301,912	26,699
Total segment assets	**301,912**	**26,699**	**301,912**	26,699
Unallocated assets		-	10,357,329	12,964,479
Consolidated assets		**-**	**10,659,241**	**12,991,178**
Segment liabilities				
Liabilities	15,293	11,063	15,293	11,063
Total segment liabilities	**15,293**	**11,063**	**15,293**	**11,063**
Unallocated liabilities			276,803	329,640
Consolidated liabilities			**292,096**	**340,703**
Acquisition of non-current assets, including capitalised exploration assets	286,667	-	286,667	-

6 FINANCE INCOME

	2016 US$	2015 US$
Interest income	43,942	72,880

7 OTHER EXPENSES

	2016 US$	2015 US$
Consulting and professional fees	230,819	324,689
Business development	310,037	830,745
	540,856	**1,155,434**

8 PLANT AND EQUIPMENT

	2016 US$	2015 US$
Cost		**Fixtures and Fittings**
Balance at 1 July	25,755	25,755
Disposal	(200)	-
Balance at 30 June	**25,555**	**25,755**
Accumulated Depreciation		
Balance at 1 July	10,401	6,563
Depreciation for the year	2,906	3,838
Accumulated depreciation on disposal	(93)	-
Balance at 30 June	**13,214**	**10,401**
Net carrying amount at 30 June	**12,341**	**15,354**

9 EXPLORATION ASSETS

	2016 US$	2015 US$
Carrying amount at beginning of year	-	348,293
Expenditure capitalised during the period	286,667	-
Impairment of asset	-	(354,695)
Foreign currency movement	-	6,402
Carrying amount at end of year	**286,667**	**-**

During the year, the Group also incurred exploration and evaluation expenditure of US$91,749 (2015: US$393,596) which has been expensed as business development as it did not meet the criteria for recognition as exploration assets under the Group's accounting policy - refer to Note 3.4.

In addition, an amount of US$218,288 (2015: US$437,149) was spent on business development, which relates to the Group's activities in assessing opportunities in the oil and gas sector.

Namibia

At 30 June 2016, the carrying value of the Group's exploration asset relates solely to its interests in Namibia.

During the year the Group has recommenced capitalising exploration costs relating to its Namibian Exploration Licence 29. This follows the approval of the Deed of Amendment to Exploration Licence 29 on 16 October 2015, which extended the term of the licence from December 2015 until December 2017, and reduced the Group's minimum expenditure commitments during the renewal period - refer Note 21.

Expenditure incurred in the period on the licence prior to its renewal on 16 October 2015 of US$91,749 (2015: US$393,596) was expensed. This follows the Group's decision to impair fully the Namibian assets in the financial statements for the year ended 30 June 2014, due to the disappointing results of drilling on neighbouring licences and its effect on the Group's farm-out process at that time. Expenditure since 30 June 2014 was expensed as incurred while the Group assessed its future plans for the project and completed its negotiations with the Namibian authorities on the terms of the renewal extension period.

Juan de Nova

Following the Board's decision not to continue with the renewal of the exploration permit in 2015, the related exploration asset with a carrying value of US$354,695 was fully impaired during the year ended 30 June 2015.

10 FOREIGN EXCHANGE

	2016 US$	2015 US$
Foreign exchange (gains)losses		
Net foreign exchange losses	139,099	631,167
Transfer from foreign exchange reserve on dissolution of a controlled entity	-	270,384
	139,099	**901,551**

GLOBAL PETROLEUM LIMITED

11 TAXES

	2016 US$	2015 US$
Recognised in the Statement of Profit or Loss and Other Comprehensive income		
Current tax (benefit) expense of continuing operations		
Current year	-	-
	-	-
Deferred tax (benefit) expense of continuing operations		
Origination and reversal of temporary differences	-	-
Deferred tax assets not brought to account	-	-
	-	-
Total income tax (benefit) expense in the Statement of Profit or Loss and Other Comprehensive Income	-	**-**

	2016 US$	2015 US$
Reconciliation between profit (loss) before tax and tax expense		
Profit (loss) of continuing operations before tax expense	(2,336,513)	(4,469,837)
Prima facie tax expense (benefit) at 20% (2015: 20.75%)	(467,302)	(927,491)
Increase (decrease) in income tax expense due to:		
Expenditure not allowable for income tax purposes	32,251	41,372
Adjustment for different tax rates and consequences of changing tax domicile	43,505	25,016
Deferred tax assets not recognised	391,546	861,103
Income tax (benefit) expense on pre-tax net profit (loss)	**-**	**-**

11. TAXES (continued)

Current tax payable

	2016 US$	2015 US$
Opening balance of tax payable (receivable)	-	3,522
Tax (paid)/refunded during period	-	(3,248)
Income tax expense (benefit) for the year - continuing operations	-	-
Foreign exchange movement	-	(274)
Closing balance of tax payable (receivable)	**-**	**-**

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.

Deferred income tax

	2016 US$	2015 US$
Deferred tax assets		
Tax losses available to offset future taxable income	1,341,242	1,091,291
Tax benefit not brought to account	(1,341,242)	(1,091,291)
	-	-

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$1,341,242 (2015: US$1,091,291).

12. TRADE AND OTHER RECEIVABLES

	2016 US$	2015 US$
Current		
Other receivables	128,710	150,386
Trade and other receivables	**128,710**	**150,386**

13. CASH AND CASH EQUIVALENTS

	2016 US$	2015 US$
Cash at bank and on hand	9,986,973	11,634,539
Term deposits	185,625	1,073,188
Cash and cash equivalents	**10,172,598**	**12,707,727**

14. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2016 US$	2015 US$
Cash flows from operating activities		
Profit (loss) for the year	(2,336,513)	(4,469,837)
Adjustments for items classified as investing/financing activities:	310,037	1,128,341
Adjustments for non-cash items:		
Income tax expense	-	-
Impairment of exploration asset	-	354,695
Depreciation of fixtures and fittings	2,906	3,838
Unrealised net foreign exchange (gain) loss	(55,237)	494,167
Equity based remuneration	53,183	139,159
Changes in operating assets and liabilities, net of effects of purchase of controlled entities during the financial year:		
Decrease (increase) in receivables	80,462	(12,100)
(Decrease) increase in payables	(52,999)	(208,768)
(Decrease) increase in provisions	4,392	28,167
Net cash from (used in) operating activities	**(1,993,769)**	**(2,542,338)**

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.

15. CAPITAL AND RESERVES

	2016 Number of shares	2015	2016 US$	2015 US$
Issued and paid up capital				
In issue at 1 July	199,444,787	199,444,787	39,145,581	39,145,581
Issued during the year	2,369,298	-	53,183	-
In issue at 30 June	**201,814,085**	**199,444,787**	**39,198,764**	**39,145,581**

15.1 Terms and conditions of ordinary shares

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

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

15. CAPITAL AND RESERVES (continued)

15.1 Terms and conditions of ordinary shares (continued)

Shares

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

Meetings of members

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

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

Voting

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

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

Changes to the constitution

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

Listing Rules

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

15.2 Reserves

	2016 US$	2015 US$
Option reserve	836,728	836,728
Foreign currency translation reserve	586,827	586,827
Total reserves	**1,423,555**	**1,423,555**

15.3 Option reserve

The option reserve comprises the cumulative grant date fair value of options issued to Directors and other personnel and consultants over the vesting period. For more detail see Note 17.

15. CAPITAL AND RESERVES (continued)

15.4 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 4 April 2014 Star Petroleum Limited was dissolved and is no longer part of the Group. On consolidation any foreign exchange gains/losses relating to translation of this company's financial statements, which was previously recorded in foreign currency translation reserves, was transferred to the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

	2016 US$	2015 US$
Balance at 1 July	586,827	316,443
Transfer from foreign exchange reserve on dissolution of a controlled entity	-	270,384
Foreign currency translation differences - foreign operations	-	-
Balance at 30 June	**586,827**	**586,827**

15.5 Accumulated losses

	2016 US$	2015 US$
Balance at 1 July	(27,918,661)	(23,448,824)
Loss for the year	(2,336,513)	(4,469,837)
Total accumulated (losses)	**(30,255,174)**	**(27,918,661)**

15.6 Dividends

No dividends have been declared, provided for or paid in respect of the years ended 30 June 2016 and 30 June 2015. With respect to the payment of dividends by Global Petroleum in subsequent reporting periods (if any), no franking credits are currently available.

15.7 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 - refer Note 17.

16. EARNINGS PER SHARE

	2016 US Cents per share	2015 US Cents per share
Basic earnings (loss) per share	(1.167)	(2.241)
Diluted earnings (loss) per share	(1.167)	(2.241)

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

	2016 US$	2015 US$
Net profit (loss) used in calculating basic and diluted earnings per share	**(2,336,513)**	**(4,469,837)**

	Number of shares 2016	Number of shares 2015
Weighted average number of ordinary shares used in calculating basic earnings per share	200,221,714	199,444,787
Effect of dilutive securities	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	**200,221,714**	**199,444,787**

17. SHARE BASED PAYMENTS

Shares granted to Directors

During the year the Company made several discretionary grants of shares, following shareholder approval at the AGM on 17 November 2015, to Directors (Refer 13.2 *Non-Executive Director remuneration* and *Employment contracts with key management personnel in the Directors' report*). 2,369,298 ordinary shares were issued and fully paid (US$53,183). The fair values of these ordinary shares were determined as the market value on the days of issue, no dividends were incorporated into the measurement of fair value and no other features are incorporated into this equity grant.

Directors	Shares granted in year ended 30 June 2016	Shares granted in year ended 30 June 2015
Mr J van der Welle	197,522	-
Mr P Hill	1,516,927	-
Mr P Blakey	130,389	-
Mr D Cronin	347,889	-
Mr P Dighton (to 25 January 2016)	46,182	-
Mr A Draffin	-	-
Mr P Taylor	130,389	-

17. SHARE BASED PAYMENTS (continued)

Options granted to Directors

No options were issued during the financial year ending 30 June 2016.

In the prior financial year, on 27 November 2014, the Company cancelled and re-granted 6,600,000 options to Messrs. Hill, Dighton and Cronin detailed below and approved by shareholders on 27 November 2014. These changes were accounted for as a modification of a share based payment (the vesting date was extended and the exercisable value was decreased) and, in accordance with AASB2, this resulted in an additional US$119,095 expensed to equity based remuneration over the vesting period of the options.

Cancelled options

P Hill:

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

P Dighton and D Cronin:

300,000 incentive options (each) exercisable at AU$0.25 each on or before 30 June 2019, vesting on 16 December 2013.

Re-granted options

P Hill:

i. 3,000,000 incentive options exercisable at AU$0.065 each on or before 23 December 2019, vesting on 27 November 2014;
ii. 3,000,000 incentive options exercisable at AU$0.065 each on or before 23 December 2019, vesting on 23 June 2015.

P Dighton and D Cronin:

300,000 incentive options (each) exercisable at AU$0.065 each on or before 23 December 2019, vesting on 27 November 2014.

The Company also issued 1,000,000 incentive options to Mr J van der Welle exercisable at AU$0.065 each on or before 23 December 2019, approved by shareholders on 23 December 2014. 500,000 options vested on the 27 November 2014 and the other 500,000 vested on 23 June 2015. These options have a fair value of US$20,064. This fair value has been recognized as an expense over the vesting period of the options in accordance with accounting standards.

17. SHARE BASED PAYMENTS (continued)

Options granted to Directors (continued)

	Number of Options	Grant date	Fair Value per option at grant date AU$ (US$)	% Cancelled Expired in 2015	Exercise date	Exercise Price AU$(US$)	Vesting date
Mr P Hill Director	1,500,000	16 December 2013	AU$0.019(US$0.017)	100*	1 April 2017	AU$0.25	16 December 2013
	1,750,000	16 December 2013	AU$0.019(US$0.017)	100*	1 October 2017	AU$0.30	16 December 2013
	1,750,000	16 December 2013	AU$0.020(US$0.018)	100*	1 April 2018	AU$0.35	16 December 2013
	1,000,000	16 December 2013	AU$0.019(US$0.017)	100*	1 October 2018	AU$0.45	16 December 2013
Mr P Dighton Director	300,000	16 December 2013	AU$0.034(US$0.030)	100*	30 June 2019	AU$0.25	16 December 2013
Mr D Cronin Director	300,000	16 December 2013	AU$0.034(US$0.030)	100*	30 June 2019	AU$0.25	16 December 2013
Mr R Arnott Director	250,000	4 October 2012	AU$0.036(US$0.037)	100	1 April 2015	AU$0.25	1 April 2013
Mr C Lewis	375,000	4 October 2012	AU$0.036(US$0.037)	100	1 April 2015	AU$0.25	1 April 2013
Mr P Hill Director	3,000,000	27 November 2014	AU$0.025(US$0.021)	-	23 December 2019	AU$0.065	27 November 2014
	3,000,000	27 November 2014	AU$0.025(US$0.021)	-	23 December 2019	AU$0.065	23 June 2015
Mr P Dighton Director	300,000	27 November 2014	AU$0.025(US$0.021)	-	23 December 2019	AU$0.065	27 November 2014
Mr D Cronin Director	300,000	27 November 2014	AU$0.025(US$0.021)	-	23 December 2019	AU$0.065	27 November 2014
Mr J van der Welle Director	500,000	27 November 2014	AU$0.025(US$0.021)	-	23 December 2019	AU$0.065	27 November 2014
	500,000	27 November 2014	AU$0.025(US$0.021)	-	23 December 2019	AU$0.065	23 June 2015

*cancelled

The fair value of the options was determined using the Black Scholes option pricing model or the Binomial options pricing model. The total expense arising from the incentive options for the year ended 30 June 2016 was US$ Nil (2015: US$139,159). The expected volatility of the options was calculated using the Hoadley's volatility calculator for a 5 year period, using data extracted from Bloomberg. For the purpose of the valuations above the future estimated volatility level utilised was 60% in the pricing model.

	Year ended 30 June 2015
Fair value at grant date	AU$0.025 – 0.037(US$0.021 – 0.032)
Share price	AU$0.052 (US$0.044)
Exercise price	AU$0.065 – 0.30 (US$0.055 – 0.026)
Expected volatility	60%
Expected option life	0.25 – 4.56 years
Expected dividends	Nil
Risk-free interest rate (based on government bonds)	2.64%

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

17. SHARE BASED PAYMENTS (continued)

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 2016	Weighted average exercise prices 2016 AU$	Number of options 2015	Weighted average exercise price 2015 AU$
Outstanding at 1 July	8,035,000	0.078	8,060,000	0.310
Cancelled during the period	-		(6,600,000)	0.320
Re-granted during the period	-		6,600,000	0.065
Granted during the period	-		1,000,000	0.065
Options exercised during the period	-		-	-
Options expired during the period	(435,000)	0.3	(1,025,000)	0.250
Outstanding at 30 June	7,600,000	0.065	8,035,000	0.078
Exercisable at 30 June	7,600,000	0.065	8,035,000	0.078

On 1 October 2015, Mr C Lewis's 435,000 options expired. They had been granted on 4 October 2012, with a fair value at grant date of AU$.037 and an exercise price of AU$0.3.

18. TRADE AND OTHER PAYABLES

	2016 US$	2015 US$
Current		
Trade payables	71,825	10,516
Accrued expenses	121,718	236,026
Balance at 30 June	**193,543**	**246,542**

19. PROVISIONS

	2016 US$	2015 US$
Current		
Make good Provision	27,647	-
Employee benefits	70,906	94,161
	98,553	**94,161**

20. FINANCIAL INSTRUMENTS

20.1 Overview

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

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

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

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

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

20.2 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:

	2016 US$	**2015 US$**
Cash and cash equivalents	10,172,598	12,707,727
Trade and other receivables	128,710	150,386
	10,301,308	**12,858,113**

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 2016, none (2015: 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.

20. FINANCIAL INSTRUMENTS (continued)

20.3 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 2016, the Group has sufficient liquid assets to meet its financial obligations.

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

	≤6 months US$	6-12 months US$	1-5 years US$	≥5 years US$	Total US$
2016 Financial liabilities					
Trade and other payables	193,543	-	-	-	193,543
	194,543	**-**	**-**	**-**	**194,543**
2015 Financial liabilities					
Trade and other payables	246,542	-	-	-	246,542
	246,542	**-**	**-**	**-**	246,542

20.4 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.

	2016 US$	2015 US$
Interest bearing financial instruments		
Cash at bank and on hand	9,986,973	11,634,539
Term deposits	185,625	1,073,188
	10,172,598	**12,707,727**

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 0.39% (2015: 0.52%).

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

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.

20. FINANCIAL INSTRUMENTS (continued)

20.4 Interest rate risk (continued)

	Profit or Loss	
	50bp Increase	50bp Decrease
2016 Cash and cash equivalents	56,464	43,942
2015 Cash and cash equivalents	63,538	63,538

20.5 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 2016, the Group had foreign denominated deposits of AU$343,356 (US$254,944) and GBP131,898 (US$177,215). The group had current liabilities of AU$103,547 (US$76,884) and GBP73,538 (US$98,804) and prepayments and other debtors of AU$14,206 (US$10,548) and GBP131,803 (US$177,087).

As at 30 June 2015, the Group had foreign denominated deposits of AU$1,564,556 (US$1,202,596) and GBP225,486 (US$354,603). The Group had current liabilities of AU$135,079 (US$103,829) and GBP75,773 (US$136,433) and prepayments and other debtors of AU$29,619 (US$22,767) and GBP139,023 (US$218,631).

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

20.6 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 balance date.

30 June 2016

A 10% strengthening of the US$ against the AUD and GBP at 30 June 2016 would have decreased equity for the year for the Group by US$43,700. 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 AUD and GBP at 30 June 2016 would have increased equity for the year for the Group by US$44,168 on the basis that all other variables remain constant. No material effect on profit or loss.

30 June 2015

A 10% strengthening of the US$ against the AUD and GBP at 30 June 2015 would have decreased equity for the year for the Group by US$155,720. 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 AUD and GBP at 30 June 2015 would have increased equity for the year for the Group by US$155,720 on the basis that all other variables remain constant. No material effect on profit or loss

20.7 Capital management

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

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

The Group is not subject to externally imposed capital requirements.

20.8 Fair value

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

21. CAPITAL COMMITMENTS

21.1 Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Consolidated Entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various foreign governments where exploration tenements are held. These obligations are subject to renegotiation when application for a tenement is made and at other times. These obligations are not provided for in the financial statements. Financial commitments for subsequent periods can only be determined at future dates, as the success or otherwise of exploration programmes determines courses of action allowed under options available in tenements.

21.2 Joint venture commitments

Jupiter 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 Licence. The obligations include:

Namibian Petroleum Exploration Licence

(a) **Initial Exploration Period** (First four years of Licence commencing on 3 December 2010. On 22 August 2014 the Namibian Government extended only this Initial Exploration Period by 12 months to 3 December 2015):
The minimum exploration expenditure commitment for the Initial Exploration Period: was US$1 million. Over US$3 million was spent by Jupiter during this period.

(b) **First Renewal Exploration Period** (Two years from 4 December 2015 to 3 December 2017):
The Ministry of Mines and Energy agreed a 2 year renewal period to run until 3 December 2017. They also agreed a 50% relinquishment of the licence area. Minimum exploration expenditure for the First Renewal Exploration Period:

- The reprocessing of existing 2D seismic lines across that portion of the Licence Area which is retained following the mandatory 50% relinquishment (the Directors estimate a cost of US$0.2 million to be spent in 2016); and
- Acquisition of 800km of long offset 2D over the retained acreage. The reprocessed existing 2D data will be used to assist with the design and location of the new survey (the Directors estimate a cost of US$1.5 million).

(c) **Second Renewal Period** (Two years from 4 December 2017):
Acquisition, processing and interpretation of additional seismic data (if necessary) and the drilling of one exploration well. Minimum exploration expenditure for the Second Renewal Exploration Period: US$20 million, or US$21 million if new seismic is required.

Jupiter 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.

22 CONTINGENCIES

22.1 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 2016 and 30 June 2015.

22.2 Joint operations

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

23 RELATED PARTIES

23.1 Ultimate parent

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

23.2 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
Mr Peter Dighton	Non-Executive Director resigned with effect 25 January 2016
Mr Andrew Draffin	Non-Executive Director appointed 10 June 2016
Mr Peter Taylor	Non-Executive Director

23.3 Key management personnel compensation

	2016 US$	2015 US$
Short-term employee benefits	476,475**	580,750
Share based payments	53,183*	139,159*
Post-employment benefits	15,459	17,132
Total compensation	**545,117**	**737,041**

* In 2016 this represents the value of the shares issued and in 2015 the value of the options issued;
** Includes the cash element paid to the UK based Directors to cover the cost of PAYE income tax due on share issues. Refer 13.2 Directors' report.

23.4 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 US$58,780 (2015: US$75,816) to TM Services Limited, a company controlled by Mr P Taylor and Mr P Blakey, for administrative and technical assistance, US$Nil (2015: US$27,396) to Law Strategies Pty Ltd, a company controlled by Mr P Dighton, for the provision of a fully serviced Australian office to the Company. The Company also paid Law Strategies Pty Ltd US$Nil (2015: US$30,368) for legal services, Damien Cronin Pty Ltd trading as Law Projects, a company controlled by Mr D Cronin, US$19,950 (2015: US$38,634) for company secretarial services and Northlands Advisory Services Limited, a company controlled by Mr J van der Welle, US$36,817 (2015: US$52,247) for consulting services. The Company also paid the following consultancy fees to the Directors: Mr P Blakey US$Nil (2015: US$25,420) and Mr P Taylor US$Nil (2015: US$25,420).

Included in the above are the following amounts payable to related parties at 30 June 2016. 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 TM Services US$4,539, Law Projects US$1,670 and Northlands Advisory Services US$9,472.

24 GROUP ENTITIES

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

	Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Parent entity			
Global Petroleum Limited	Australia		
Subsidiaries			
Global Petroleum UK Limited	United Kingdom	100	100
Jupiter Petroleum Limited	United Kingdom	100	100
Jupiter Petroleum (Namibia) Limited	British Virgin Islands	100	100
Jupiter Petroleum Juan De Nova Limited[1]	British Virgin Islands	100	100

[1] In March 2016, the Group commenced proceedings to strike off Jupiter Petroleum Juan De Nova Limited. This process will be effective 30 April 2017.

Interests in joint operations

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

For income and expenses attributable to joint operations refer to Note 5.

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

	2016 $	2015 $
Current assets		
Trade and other receivables	15,245	26,699
Total current assets	15,245	26,699
Non-current assets		
Exploration asset	286,667	-
Total non-current assets	286,667	-
TOTAL ASSETS	**301,912**	26,699
Current liabilities		
Trade and other payables	15,293	11,063
Total current liabilities	15,293	11,063
TOTAL LIABILITIES	15,293	11,063
NET ASSETS	**286,619**	**15,363**

24. GROUP ENTITIES (continued)

Interests in joint operations (continued)

		Joint Venture % Interest Held	
	Notes	2016 %	2015 %
Namibia – Petroleum Exploration Licence No.0029	9	85	85

Refer Note 21 for details of commitments and contingencies in relation to joint operations.

25. SUBSEQUENT EVENTS

The Company decided on 19 July 2016, following 12 months of operation of the discretionary share scheme for directors previously approved by shareholders, and following a substantial reduction achieved in the Company's costs and a significant improvement in the Company's trading position and market conditions generally, to discontinue the discretionary share scheme immediately following the grant and allotment of a final tranche of such shares in August 2016. In addition, with effect 1 August 2016, Directors' fees and salary would revert to the pre 1 August 2015 levels.

As at the date of this report, there are no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2016, of the Consolidated Entity;
(ii) the results of those operations, in financial years subsequent to 30 June 2016, of the Consolidated Entity; or
(iii) the state of affairs, in financial years subsequent to 30 June 2016, of the Consolidated Entity.

26. AUDITOR'S REMUNERATION

	2016 US$	2015 US$
Audit services:		
Auditors of the Group, KPMG Australia – audit and review of financial reports	53,088	59,058
	53,088	**59,058**
Other services:		
Auditors of the Group, KPMG Australia		
- assurance, taxation and due diligence services	10,052	2,306
	10,052	**2,306**
	63,140	**61,364**

27. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2016, the parent entity of the Group was Global Petroleum Limited.

	2016 US$	2015 US$
(a) Financial position of parent entity		
Assets		
Current assets	10,344,988	12,949,126
Non-current assets	380,574	15,354
Total assets	10,725,562	12,964,480
Liabilities		
Current liabilities	274,246	327,082
Non-current liabilities	-	-
Total liabilities	274,246	327,082
Net assets	**10,451,316**	**12,637,398**
Equity		
Issued capital	39,198,764	39,145,581
Option premium reserve	836,728	836,728
Accumulated losses	(29,584,176)	(27,344,911)
Total equity	**10,451,316**	**12,637,398**
(b) Financial performance of parent entity		
(Loss) for the year	**(2,239,265)**	(4,999,466)
Total comprehensive gain (loss)	**(2,239,265)**	**(4,999,466)**

At 30 June 2016, the parent entity has no capital commitments (2015: nil).

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 24 to 51 and the Remuneration Report in Section13 in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 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 2016.

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

DAMIEN CRONIN

Director and Company Secretary

28 September 2016, at Brisbane

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

Report on the financial report

We have audited the accompanying financial report of Global Petroleum Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 27 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2.1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the remuneration report included in Section 13 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Global Petroleum Limited for the year ended 30 June 2016 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Jason Adams
Partner

Brisbane
28 September 2016

The shareholder information set out below was applicable as at 28 September 2016.

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 2016 are given in Sections 5 and 13.4 of the Remuneration Report.

		Ordinary Shares	
		Number	**Percentage**
1	Computershare Clearing Pty Ltd <CCNL DI A/C>	57,387,171	28.32%
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	Mr Mark Savage (Mark Savage Revocable A/C)	4,862,923	2.40%
6	PIAT Corp Pty Ltd	3,000,000	1.48%
7	Mr Thomas Patrick Cross & Ms Linda Cross	2,776,400	1.37%
8	Mr Terrence Peter Williamson & Ms Jonine Maree Jancey<The Wiljan Super Fund A/C>	1,700,000	0.84%
9	Millsy Pty Ltd (Broun Superfund A/C)	1,616,284	0.80%
10	IPM Personal Pension Trustees Limited	1,556,000	0.77%
11	Mr Brian Crawshaw	1,500,000	0.74%
12	Arredo Pty Ltd	1,430,000	0.71%
13	Mrs Arlene Ka-Yan Lim	1,256,881	0.62%
14	JP Morgan Nominees Australia Limited	1,008,581	0.50%
15	Mr Warner Lamb and Mrs Aily Lamb (Lamb Superfund A/C)	1,000,000	0.49%
16	Manle Pty Ltd	1,000,000	0.49%
17	PIAT Corp Pty Ltd	1,000,000	0.49%
18	Mr Michael Andrew Whiting & Mrs Tracey Anne Whiting <Whiting Family S/F A/C>	1,000,000	0.49%
19	Toltec Holdings Pty Ltd	975,000	0.48%
20	Mr Robert Hastings Smythe<Super Fund A/C>	871,800	0.43%
	Total Top 20	**167,363,053**	**82.59%**
	Others	**35,289,874**	17.41%
	Total Ordinary Shares on Issue	**202,652,927**	**100.00%**

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

			Ordinary Shares	
			Number of Shareholders	Number of Shares
1	–	1,000	832	366,025
1,001	–	5,000	626	1,629,729
5,001	–	10,000	196	1,541,034
10,001	–	100,000	349	11,136,078
100,001		and over	91	187,980,061
			2,094	**202,652,927**
The number of shareholders holding less than a marketable parcel of shares are:			**1,775**	**5,099,619**

3. VOTING RIGHTS

See Note 15 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 Taylor's' total shareholdings as at 30 June 2016 are given in Sections 5 and 13.4of the Remuneration Report:

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

5. UNQUOTED SECURITIES

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

Options

	Incentive Options
Peter Hill - A$0.065 incentive options vesting 27 November 2014	3,000,000
Peter Hill - A$0.065 incentive options vesting 23 June 2015	3,000,000
Total Peter Hill incentive options	**6,000,000**
John van der Welle - A$0.065 incentive options vesting 27 November 2014	500,000
John van der Welle – A$0.065 incentive options vesting 23 June 2015	500,000
Total John van der Welle incentive options	**1,000,000**
Total unquoted securities on issue	**8,035,000**

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 28 September 2016, the Company has an interest in the following projects:

Project	Interest
Namibia	
Petroleum Exploration Licence No.0029	85% WI

CORPORATE DIRECTORY

Directors	Mr Peter Hill	Managing Director and Chief Executive Officer
	Mr John van der Welle	Non-Executive Chairman
	Mr Peter Blakey	Non-Executive Director
	Mr Damien Cronin	Non-Executive Director
	Mr Andrew Draffin	Non-Executive Director (appointed 10 June 2016)
	Mr Peter Dighton	Non-Executive Director (resigned 25 January 2016)
	Mr Peter Taylor	Non-Executive Director
Company Secretary	Mr Damien Cronin	
Registered and Principal Office	Level 5, Toowong Tower 9 Sherwood Road Brisbane QLD 4066, Australia	
	Telephone	+61 7 3310 8732
	Facsimile	+61 7 3310 8823
UK Office	111 Buckingham Palace Rd London SW1W OSR, 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