

GIPPSLAND OFFSHORE PETROLEUM LIMITED

ABN 51 111 418 270

AND CONTROLLED ENTITIES

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2009

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GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Gippsland Offshore Petroleum Limited has the ultimate responsibility to its shareholders for the strategy and performance of the entity.

The Company applied to the ASX for delisting and was formally delisted on 24 June 2009.

Although the Company is no longer a listed entity, the Board seeks, where appropriate, to comply without modification with the Australian Stock Exchange Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations to the extent appropriate for the size and the nature of the company's business as described below.

Principle 1: Lay solid foundations for management and oversight

The primary responsibility of the Board is to protect and advance the interest of shareholders. To fulfil this role, the Board has overall responsibility for the entity's overall business and for the corporate governance of the Company. This responsibility includes determination of strategic direction, setting of management goals and monitoring management performance against the set goals.

The Board has delegated responsibility for operation and administration of the Company to the Chief Operating Officer and executive management to manage the company in accordance with the direction of the Board.

Principle 2: Structure the board to add value

The Board consists of three non-executive board members at year end including the chairperson and one executive director. The role of chair and chief executive officer are not exercised by the same individual. Details of the qualifications and experience of each Director is set out in the Director's Report section of the annual accounts. The composition of the Board is balanced with each Director bringing complementary and appropriate blend of skills and experience. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of separate board committees, such as audit, remuneration and nomination committees. Accordingly, all matters that may be capable of delegation to committees are dealt with by the full Board.

Principle 3: Promote ethical and responsible decision-making

It is the policy of the Company for directors, officers and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealing with suppliers, business partners, public servants and the general community within which it operates.

The Company is dedicated to delivering outstanding performances for investors, customers, consumers and employees. The Company aspires to operate openly, with honesty, integrity and responsibility and maintaining a strong sense of corporate social responsibility. In maintaining its corporate social responsibility the Company will conduct business ethically and according to its values, encourage community initiatives, give due consideration to the environment and ensure a safe, equal and supportive workplace.

Share Trading Policy

Directors and employees must not trade in the Company's shares in the periods immediately prior to the announcement of half-yearly or annual results, or at other times whilst in possession of unpublished price sensitive information. Unpublished price sensitive information is information regarding the Company of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Principle 4: Safeguard integrity of financial reporting

It is an established requirement that the appointed Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) provide a written statement to the Board that acknowledges that to the best of their knowledge the Company's financial reports presents a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Principle 5: Make timely and balanced disclosure

The Board is responsible for monitoring compliance with the continuous disclosure requirements and approval of any proposed announcement prior to release. The Board has appointed the Company Secretary as the designated person responsible for complying with the continuous disclosure requirements.

CORPORATE GOVERNANCE STATEMENT

Principle 6: Respect the right of shareholders

It is the policy of the Company to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. In compliance with "ASIC's good practice guide for unlisted entities" the Company has elected post delisting to comply with the continuous disclosure requirements by posting all disclosures in a timely manner on its website.

Principle 7: Recognise and manage risk

The Board is responsible for overseeing of the Group's risk management and control framework. Management are required to ensure that assessed risks are managed with appropriate systems and controls. Effectiveness of risk management systems and controls are reviewed periodically by the Board. The Company's adopted policy framework seeks to identify and mitigate Company risks as much as practicable. Major assessed risks facing the Company centre on exploration and development, contractual and litigation and risks associated with exploration titles. The Chief Operating Officer and the Chief Financial Officer have ultimate responsibility to the Board for the risk management and control framework. The Board is supplied with assurances annually from the Chief Executive Officer (or equivalent) and Chief Financial Officer in reference to compliance with recommendations 7.2 and 7.3.

Principle 8: Remunerate fairly and responsibly

The Board, within the pre-approved shareholder guidelines, determines fees payable to individual non-executive Directors. The remuneration levels of any executive Director will be determined by the Chairman after taking into consideration those that apply to similar positions in comparable companies in Australia and Directors' possible participation in any equity-based remuneration scheme. The Chairman may use industry-wide data gathered by independent remuneration experts annually as his point of reference. The Company utilises a blend of fixed and equity based remuneration to align the interests of shareholders and executives.

Details of Director and Executive remuneration are set out in the Directors Report and Notes to the Financial Statements.

Compliance with the Australian Stock Exchange Corporate Governance best practice recommendations

The ASX Listing Rules require listed entities to include in their annual report a statement disclosing the extent to which the entity has followed the Australian Stock Exchange Corporate Governance Guidelines best practice recommendations during the reporting period, identifying the recommendations that have not been followed and provide reasons for any variance. If a recommendation has been followed for only part of the year the entity must state the period during which it has been followed.

During the reporting period, the Company has complied with each of Australian Stock Exchange Corporate Governance best practice recommendations, other than in relation to the matters below:

Notification of Departure

Recommendation 2.4 The Board should establish a nomination committee

Recommendation 4.1 The Board should establish an audit committee

Recommendation 8.1 The Board should establish a remuneration committee

Explanation of Departure

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of separate board committees such as audit, remuneration and nomination committees. Accordingly, all matters that may be capable of delegation to such committees are dealt with by the full Board.

Recommendation 8.2 Guidelines for non-executive director remuneration

Explanation of Departure

Non-executive Directors were issued with performance rights in the period since delisting. Use of equity based remuneration seeks to align the interest of directors with that of shareholders.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Consolidated Entity consisting of Gippsland Offshore Petroleum Limited and the entities it controlled, for the financial year ended 30 June 2009 and auditors report thereon.

This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Principal Activities

The principal activity of the Consolidated Entity during the financial year was petroleum exploration in Jamaica and Kenya. There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated loss after income tax attributable to the members of Gippsland Offshore Petroleum Limited was \$1,549,138 (2008: \$1,586,350).

Review of Operations

During the financial year, the Consolidated Entity continued its exploration activities on its suite of exploration projects. Exploration activity focused on geological and geophysical studies on both the Jamaican and Kenyan acreage. However, exploration activities on the St Griede permit are expected to commence by December 2009.

As at 30 June 2009 the entity had cash reserves of \$0.369 million (2008: \$2.784 million). The Directors believe the entity will require additional funding to undertake its outlined exploration activity.

The Company sought and was delisted from the official list of the ASX on 24 June 2009. The Company's immediate plans is to operate in the unlisted environment for the foreseeable future and seek relisting when the market attributes more appropriate valuations to its suite of exploration projects.

Significant Changes in the State of Affairs

There have been no significant changes in the Consolidated Entity's state of affairs during the financial year.

After Balance Date Events

The Company placed 8,600,000 fully paid ordinary shares at a price of 10.5 cents per share to professional and sophisticated investors.

Mr O Lennox-King and Mr H Wilson were appointed Non-Executive Directors on 3 July 2009 and 7 October 2009 respectively.

Likely Developments

The Company is actively pursuing a number of new ventures within the oil industry with the overall objective of enhancing shareholder value. In the opinion of the directors, disclosure of any additional information would be likely to result in unreasonable prejudice to the entity.

Environmental Regulation

The Economic Entity's operations are subject to certain environmental regulation in the jurisdiction in which it operates. The Entity is not aware of any significant breaches of environmental regulations during the period.

Dividend Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Performance Rights

Performance rights over unissued ordinary shares granted by Gippsland Offshore Petroleum Limited during or since the financial year to Directors and the 4 highest paid executives as part of their remuneration were as follows:

Directors	Performance Rights granted
C M Norman	5,000,000
P G Harman	2,000,000
N J Limb	2,000,000
Executives	
P Nicholls	1,000,000
V Michaelidis	1,000,000
T Huynh	500,000
R Jason	500,000

Further details regarding options granted as remuneration are provided in the Remuneration Report below.

Shares Under Option

Unissued ordinary shares of Gippsland Offshore Petroleum Limited under option at the date of this report are as follows:

	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
Lakes Oil NL	13,333,333	\$0.20	30 November 2009
Rilo Explorations Pty Ltd	6,666,667	\$0.20	30 November 2009
P G Harman	2,000,000	\$0.20	30 November 2009
R J Annells	2,000,000	\$0.20	30 November 2009
N J Limb	2,000,000	\$0.20	30 November 2009
C M Norman	1,000,000	\$0.20	23 May 2010
V Michaelidis	250,000	\$0.20	25 May 2010
P Nicholls	250,000	\$0.20	9 March 2011
C M Norman	1,000,000	\$0.15	16 March 2011
V Michaelidis	250,000	\$0.20	7 May 2012
T Huynh	50,000	\$0.20	7 May 2012
C M Norman	5,000,000	\$0.40	3 December 2012
R J Jason	150,000	\$0.20	20 May 2013

The Lakes Oil NL and Rilo Explorations Pty Ltd options entitle the holder on initial exercise to a further option to subscribe for ordinary shares at an exercisable price of \$0.40 cents each expiring 2 years from the date of issue of those options.

Shares Issued On Exercise of Options

No ordinary shares of Gippsland Offshore Petroleum Limited were issued during or since the end of the financial year as a result of the exercise of an option.

Indemnification and Insurance of Directors and Officers

During the financial year the consolidated entity has paid premium of \$16,539 in respect of Directors and Officers Liability insurance which indemnifies directors, officers and the company for any claims made against the Directors, Officers of the Company and the Company, subject to the conditions contained in the insurance policy. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a Director of Gippsland Offshore Petroleum Limited at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

Chairman (Non-executive)

Phillip G Harman
BSc (Hons), MAusIMM
Appointed 10 November 2004

Mr. Harman is a professional geophysicist who spent more than thirty years working for BHP Billiton in minerals exploration in a broad number of roles both technical and managerial, both in Australia and overseas. Mr. Harman was material in bringing BHP Billiton's proprietary FALCON® airborne gravity gradiometer technology to Gravity Capital Limited in 2001 which was the precursor to Gravity Diamonds Limited.

Directorships of other listed companies since 1 July 2006:

Gravity Diamonds Limited – (2002 – 2008)
Callabonna Uranium Ltd – (Nov 2009 – Current)

Director (Non-executive)

Nicholas J Limb
BSc (Hons), MAusIMM, F. Fin
Appointed 10 November 2004

Mr. Limb is a professional geophysicist and also has extensive experience as a stockbroker and merchant banker.

Directorships of other listed companies since 1 July 2006:

Mineral Deposits Limited – (Apr 1994 – Current)
Gravity Diamonds Limited – (Dec 1995 – Aug 2007)
Cockatoo Ridge Wines Limited – (Jan 2002 – Oct 2007)

Director (Non-executive)

Oliver Lennox-King
B.Comm
Appointed 3 July 2009

Mr. Lennox-King has over 30 years of experience in the resources industry with particular expertise in financing, research and marketing. Mr Lennox-King was formerly President of Tiomin Resources Inc.

Directorships of other listed companies since 1 July 2006:

Aurora Energy Resources Inc. – (Feb 2006 – Current)
CGX Energy Resources Inc. – (Mar 1997 – Current)
Fronteer Development Group Inc. – (Nov 2003 – current)
Metallica Resources Inc. – (Jun 1999 – Jun 2008)
Tiomin Resources Inc. – (Mar 1992 – Jun 2007)
Mineral Deposits Limited – (Nov 2007 – Current)

Director (Non-executive)

Henry G Wilson
Appointed 7 October 2009

Mr Wilson has over 30 years international experience in the upstream sector of the oil industry, initially as an explorer with BP and then as founder and CEO of several independent oil companies.

Directorships of other listed companies since 1 July 2006:

Sangster & May Limited – (Oct 2000 – Aug 2008)
Forum Energy Plc – (Aug 2005 – Aug 2008)
Sterling Energy Plc – (Jul 2001 – Aug 2009)
Roselea Limited – (Nov 1992 – Current)
Roselea Developments Limited – (May 1996 – Current)
Park Securities Limited – (Nov 1996 – Current)
Fairplay Securities Limited – (Apr 2000 – Current)
Mardall Securities A Limited – (Apr 2000 – Current)

Managing Director

Catherine M Norman
BSc
Appointed 17 July 2006

Ms. Norman is a professional geophysicist who has twenty years experience in the minerals and oil and gas exploration industry, with executive positions both in Australia and the UK and operating assignments in Europe, Africa, Middle East and Australia.

Company Secretary/CFO

Vassilios Michaelidis
BBus, CPA
Appointed 10 November 2004

Mr. Michaelidis was appointed Company Secretary and Chief Financial Officer in November 2004. He is a qualified accountant with over 30 years experience in the resources sector.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Directors' Meetings

The number of meetings of the Board of Directors held during the financial year and the numbers of meetings attended by each Director were:

	Board of Directors	
	Eligible to attend	Attended
P G Harman	9	9
N J Limb	9	9
C M Norman	9	9
O Lennox-King	-	-
H G Willson	-	-

Directors' Interests in Shares or Options

Directors' relevant interests in shares of Gippsland Offshore Petroleum Limited or options over shares in the Company are detailed below.

Directors' relevant interests in:	Ordinary Shares	Options	Performance Rights
P G Harman			
Direct	-	2,000,000	2,000,000
Indirect	150,000	-	-
O Lennox-King			
Direct	13,000,000	-	-
Indirect	-	-	-
N J Limb			
Direct	-	2,000,000	2,000,000
Indirect	7,714,055	-	-
C M Norman			
Direct	134,650	7,000,000	5,000,000
Indirect	-	-	-
	20,998,705	11,000,000	9,000,000

Directors' Interests in Contracts

Directors' interests in contracts are disclosed in note 18 to the financial statements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-Audit Services

There were no non-audit services provided by the auditors of the entity during the year.

Remuneration Report

Remuneration Policies

The policy for determining the nature and amount of remuneration of Directors and executives is agreed by the Board of Directors as a whole. The board may obtain professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

For executive directors and executives, the company provides a remuneration package that incorporates both cash-based and share-based remuneration. The contracts for service between the company and directors and executives are on a continuing basis, the terms of which, are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment, thereby aligning director and shareholder interests. The remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution. Further details regarding components of directors' and executive remuneration are provided in the notes to the financial statements.

The names and positions of each person who held the position of director at any time during the financial year are provided above. The named executives in the Company who received the highest remuneration for the financial year are listed below, there are no other executives employed by the Company.

The Company through the Performance Rights Plan has issued 12,000,000 performance rights to directors, executives and employees. The Performance Rights expire 28 June 2014 and vest on meeting the performance hurdle of increasing the company market capitalisation to 4 times that of the weighted average market capitalisation of the last month prior to suspension from the ASX Limited.

Executives	Position
Vassilios Michaelidis	Company Secretary/CFO
Peter Nicholls	Exploration Manager

Directors' Remuneration:

2009	Primary			Post employment		Equity	Other benefits	TOTAL
	Salary/fees	Cash Bonus	Non-monetary	Super	Retirement benefits	Options/Rights*		
P G Harman	-	-	-	37,500	-	41 (0%)	-	37,541
N J Limb	-	-	-	37,500	-	41 (0%)	-	37,541
C M Norman	200,800	-	-	19,200	-	87,702 (29%)	-	307,702
	<u>200,800</u>	<u>-</u>	<u>-</u>	<u>94,200</u>	<u>-</u>	<u>87,784</u>	<u>-</u>	<u>382,784</u>

* The percentage value of each person's remuneration that consists of options is shown in brackets.

2008	Primary			Post employment		Equity	Other benefits	TOTAL
	Salary/fees	Cash Bonus	Non-monetary	Super	Retirement benefits	Options*		
P G Harman	-	-	-	50,000	-	-	-	50,000
N J Limb	-	-	-	50,000	-	-	-	50,000
C M Norman	200,800	-	-	19,200	-	62,563 (22%)	-	282,563
R J Annells [^]	-	-	-	20,833	50,000	-	-	70,833
	<u>200,800</u>	<u>-</u>	<u>-</u>	<u>140,033</u>	<u>50,000</u>	<u>62,563</u>	<u>-</u>	<u>453,396</u>

* The percentage value of each person's remuneration that consists of options is shown in brackets.

[^] Retired 29 November 2007

Mr Lennox-King and Mr Wilson were appointed as Non-Executive Directors posted 30 June 2009 and therefore are not included in the remuneration report.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Executives' Remuneration:

2009	Primary			Post employment		Equity	Other benefits	TOTAL
	Salary/fees	Cash Bonus	Non-monetary	Super	Retirement benefits	Options/Rights*		
P Nicholls	289,500	-	-	-	-	20 (0%)	-	289,520
V Michaelidis	120,000	-	-	80,000	-	20 (0%)	-	200,020
	<u>409,500</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>489,540</u>

2008	Primary			Post employment		Equity	Other benefits	TOTAL
	Salary/fees	Cash Bonus	Non-monetary	Super	Retirement benefits	Options*		
P Nicholls	285,000	-	-	-	-	-	-	285,000
V Michaelidis	120,000	-	-	80,000	-	-	-	200,000
	<u>405,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,000</u>

* The percentage value of each person's remuneration that consists of options is shown in brackets.

	Consolidated Entity		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Directors and Executives Compensation by Category				
Short-term employment benefits	610	606	610	606
Post employment benefits	-	270	-	270
Other long-term benefits	174	-	174	-
Termination benefits	-	-	-	-
Share-based payments	88	63	88	63
	<u>872</u>	<u>939</u>	<u>872</u>	<u>939</u>

In accordance with the remuneration policy described above, options/rights granted as remuneration are subject to continuing service with the company. Options/rights granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. During the year 50,000 options previously granted as remuneration have lapsed.

Options granted as remuneration that have been exercised or lapsed during the financial year

Directors and Executives 2009	1 July 2008	Value Granted	Value Exercised	Value Lapsed	30 June 2009
P G Harman	169,327	37,200	-	-	206,527
N J Limb	169,327	37,200	-	-	206,527
C M Norman	391,411	93,000	-	-	484,411
V Michaelidis	54,885	18,600	-	-	73,485
P Nicholls	14,499	18,600	-	-	33,099
	<u>799,449</u>	<u>204,600</u>	<u>-</u>	<u>-</u>	<u>1,004,049</u>

DIRECTORS' REPORT

Options granted as remuneration that have been exercised or lapsed during the financial year (cont'd)

Directors and Executives 2008	1 July 2007	Value Granted	Value Exercised	Value Lapsed	30 June 2008
P G Harman	169,327	-	-	-	169,327
N J Limb	169,327	-	-	-	169,327
R J Annells	169,327	-	-	-	169,327
C M Norman	106,636	284,775	-	-	391,411
V Michaelidis	54,885	-	-	-	54,885
P Nicholls	14,499	-	-	-	14,499
	684,001	284,775	-	-	968,776

Compensation Options/Rights: Granted and vested during the year (consolidated)

2009	Vested Number	Granted Number	Grant Date	Value per option at grant date	Terms and conditions for each grant			
					Exercise Price \$	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
P G Harman	-	2,000,000	29/06/2009	\$0.0186	Nil	28/06/2014	*	28/06/2014
N J Limb	-	2,000,000	29/06/2009	\$0.0186	Nil	28/06/2014	*	28/06/2014
C M Norman	1,000,000	5,000,000	29/06/2009	\$0.0186	Nil	28/06/2014	*	28/06/2014
Executives								
P Nicholls	-	1,000,000	29/06/2009	\$0.0186	Nil	28/06/2014	*	28/06/2014
V Michaelidis	-	1,000,000	29/06/2009	\$0.0186	Nil	28/06/2014	*	28/06/2014
Total	1,000,000	11,000,000						

* On satisfying vesting conditions

2008	Vested Number	Granted Number	Grant Date	Value per option at grant date	Terms and conditions for each grant			
					Exercise Price \$	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
P G Harman	-	-	-	-	-	-	-	-
N J Limb	-	-	-	-	-	-	-	-
C M Norman	-	5,000,000	3/12/2007	\$0.057	\$0.40	3/12/2012	3/12/2008	3/12/2012
Executives								
P Nicholls	-	-	-	-	-	-	-	-
V Michaelidis	-	-	-	-	-	-	-	-
Total	-	5,000,000						

All grants of options/rights are exercisable within five years. Employee options generally vest immediately. Options issued to the managing director vest at a rate of 1,000,000 options on each anniversary from date granted. Performance rights vest on meeting the vesting conditions. The Performance Rights vest on meeting the performance hurdle of increasing the company market capitalisation to 4 times that of weighted average market capitalisation over the last month prior to suspension from the ASX Limited. The Performance Rights also vest in the event of a change in control (i.e. when a party together with their associates gain more than 50% of the issued shares of the Company).

Details concerning share-based remuneration of directors and specified executives

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The objective of the share-based schemes is to both reinforce the short and long-term goals of the company and to provide a common interest between management and shareholders.

Shares issued on exercise of compensation options (consolidated)

No shares were issued to Directors or executives on exercise of options or performance rights during the financial year.

Number of options/rights held by key management personnel (consolidated):

2009	Balance 1/07/2008	Granted as remune- ration	Options exercised	Net change other*	Balance 30/06/2008	Total vested 30/06/2009	Total exercisable 30/06/2009	Total Un- exercisable 30/06/2009
Directors								
P G Harman	2,000,000	2,000,000	-	-	4,000,000	2,000,000	2,000,000	2,000,000
N J Limb	2,000,000	2,000,000	-	-	4,000,000	2,000,000	2,000,000	2,000,000
C M Norman	7,000,000	5,000,000	-	-	12,000,000	3,000,000	3,000,000	9,000,000
Executives								
P Nicholls	250,000	1,000,000	-	-	1,250,000	250,000	250,000	1,000,000
V Michaelidis	500,000	1,000,000	-	-	1,500,000	500,000	500,000	1,000,000
Total	11,750,000	11,000,000	-	-	22,750,000	7,750,000	7,750,000	15,000,000

*Note: Net change includes options forfeited

2008	Balance 1/07/2007	Granted as remune- ration	Options exercised	Net change other*	Balance 30/06/2008	Total vested 30/06/2008	Total exercisable 30/06/2008	Total Un- exercisable 30/06/2008
Directors								
P G Harman	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
N J Limb	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
R J Annells^	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
C M Norman	2,000,000	5,000,000	-	-	7,000,000	2,000,000	2,000,000	5,000,000
Executives								
P Nicholls	250,000	-	-	-	250,000	250,000	250,000	-
V Michaelidis	500,000	-	-	-	500,000	500,000	500,000	-
Total	8,750,000	5,000,000	-	-	13,750,000	8,750,000	8,750,000	5,000,000

*Note: Net change includes options forfeited

^On retirement date

Number of shares held by key management personnel:

2009	Balance 1/07/2008	Received as Remuneration	Options Exercised	Net change other	Balance 30/06/2009
Directors					
P G Harman	150,000	-	-	-	150,000
N J Limb	7,548,142	-	-	165,913	7,714,055
C M Norman	37,500	-	-	97,150	134,650
Executives					
P Nicholls	450,000	-	-	-	450,000
V Michaelidis	1,525,000	-	-	124,857	1,649,857
Total	9,710,642	-	-	387,920	10,098,562

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Number of shares held by key management personnel (cont'd):

2008	Balance 1/07/2007	Received as Remuneration	Options Exercised	Net change other	Balance 30/06/2008
Directors					
P G Harman	150,000	-	-	-	150,000
N J Limb	2,600,000	-	-	4,948,142	7,548,142
R J Annells [^]	68,750	-	-	-	68,750
C M Norman	37,500	-	-	-	37,500
Executives					
P Nicholls	450,000	-	-	-	450,000
V Michaelidis	1,525,000	-	-	-	1,525,000
Total	4,831,250	-	-	4,948,142	9,779,392

[^]On retirement date

Loans to key management personnel (consolidated)

There were no loans to key management personnel at anytime during the current or prior financial year.

Rounding of Amounts

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



.....
P G Harman
Chairman

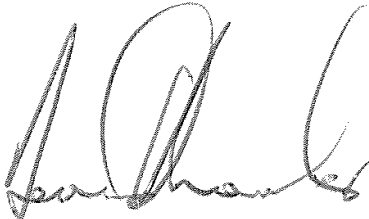
Melbourne
Date 30 October 2009

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Gippsland Offshore Petroleum Limited

In relation to the independent audit for the year ended 30 June 2009, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001.
- (ii) No contraventions of any applicable code of professional conduct.



D A KNOWLES
Partner

30 October 2009



PITCHER PARTNERS
Melbourne

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
 CONSOLIDATED INCOME STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue					
Other income	2	89	172	89	172
		<u>89</u>	<u>172</u>	<u>89</u>	<u>172</u>
Occupancy expenses	3	47	48	47	48
Exploration expenditure written off	3	411	112	411	112
Employee benefits expense	3	734	865	734	865
Loan impairment	3	-	-	737	302
Administrative expenses		446	733	435	725
LOSS BEFORE INCOME TAX		<u>1,549</u>	<u>1,586</u>	<u>2,275</u>	<u>1,880</u>
INCOME TAX EXPENSE	4	-	-	-	-
LOSS FROM CONTINUING OPERATIONS		<u>1,549</u>	<u>1,586</u>	<u>2,275</u>	<u>1,880</u>
LOSS FOR THE YEAR	12(a)	<u>1,549</u>	<u>1,586</u>	<u>2,275</u>	<u>1,880</u>
LOSS ATTRIBUTABLE TO MEMBERS OF GIPPSLAND OFFSHORE PETROLEUM LIMITED		<u>1,549</u>	<u>1,586</u>	<u>2,275</u>	<u>1,880</u>
Basic earnings per share (cents per share)	15	(1.07)	(1.19)		
Diluted earnings per share (cents per share)	15	(1.07)	(1.19)		

The accompanying notes form part of these financial statements.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
 CONSOLIDATED BALANCE SHEET
 AS AT 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CURRENT ASSETS					
Cash and cash equivalents	13(b)	369	2,784	366	2,774
Receivables	5	393	442	393	442
Other current assets	6	29	26	25	23
TOTAL CURRENT ASSETS		791	3,252	784	3,239
NON-CURRENT ASSETS					
Other financial assets	18(a)	-	-	1	1
Plant and equipment	7	20	44	20	44
Exploration Expenditure	8	9,835	8,881	3,373	3,153
TOTAL NON-CURRENT ASSETS		9,855	8,925	3,394	3,198
TOTAL ASSETS		10,646	12,177	4,178	6,437
CURRENT LIABILITIES					
Payables	9	333	423	329	421
Provisions	10	87	75	87	75
TOTAL CURRENT LIABILITIES		420	498	416	496
NON CURRENT LIABILITIES					
Provisions	10	60	49	60	49
TOTAL NON CURRENT LIABILITIES		60	49	60	49
TOTAL LIABILITIES		480	547	476	545
NET ASSETS		10,166	11,630	3,702	5,892
EQUITY					
Contributed equity	11	21,783	21,784	21,783	21,784
Reserves	12(b)	855	769	855	769
Accumulated losses	12(a)	(12,472)	(10,923)	(18,936)	(16,661)
TOTAL EQUITY		10,166	11,630	3,702	5,892

The accompanying notes form part of these financial statements.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
TOTAL EQUITY AT THE BEGINNING OF THE YEAR		11,630	11,633	5,892	6,189
Employee share options	12(b)	86	83	86	83
Loss for the year		(1,549)	(1,586)	(2,275)	(1,880)
Total recognised income and expense for the period		(1,463)	(1,503)	(2,189)	(1,797)
Attributable to:					
Members of the parent		(1,463)	(1,503)	(2,189)	(1,797)
		(1,463)	(1,503)	(2,189)	(1,797)
Transactions with equity holders in their capacity as equity holders:					
Contributions	11	-	1,500	-	1,500
Capital raising cost	11	(1)	-	(1)	-
		(1)	1,500	(1)	1,500
TOTAL EQUITY AT THE END OF THE YEAR		10,166	11,630	3,702	5,892

The accompanying notes form part of these financial statements.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
 CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
GST receipts from Australian Taxation Office		80	49	80	49
Payments to suppliers and employees		(1,190)	(1,468)	(1,180)	(1,460)
Interest received		108	196	108	196
Other – Drilling Advance		2	1	2	1
NET CASH FLOWS USED IN OPERATING ACTIVITIES	13(a)	(1,000)	(1,222)	(990)	(1,214)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of office equipment		-	2	-	2
Payments for exploration expenditure		(1,410)	(493)	(676)	(209)
Amounts advanced to related entities		-	-	(737)	(302)
Plant and equipment	7(a)	(4)	(29)	(4)	(29)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,414)	(520)	(1,417)	(538)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		-	1,500	-	1,500
Capital Raising Costs		(1)	-	(1)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		(1)	1,500	(1)	1,500
NET DECREASE IN CASH HELD		(2,415)	(242)	(2,408)	(252)
Add cash at the beginning of the year		2,784	3,026	2,774	3,026
CASH AT END OF YEAR	13(b)	369	2,784	366	2,774

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Gippsland Offshore Petroleum Limited as an individual entity and Gippsland Offshore Petroleum Limited and controlled entities as a Consolidated Entity. Gippsland Offshore Petroleum Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors as at the date of the Directors' Report.

The following is a summary of material accounting policies adopted by the Consolidated Entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation of the Financial Report

Compliance with IFRS

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards. Compliance with Australian Equivalents to International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Historical Cost Convention

The financial report has been prepared under the historical cost convention as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Principles of Consolidation

The consolidated financial statements are those of the Consolidated Entity, comprising the financial statements of the Parent Entity and of all entities, which Gippsland Offshore Petroleum Limited controlled from time to time during the year and at the balance date. Details of the controlled entities are contained in Note 18(a).

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is carried forward separately for each area of interest provided that such costs are expected to be recouped through successful development or sale, or exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration and evaluation expenditure carried forward is tested for impairment in accordance with AASB6 "Exploration for and Evaluation of Mineral Resources" when circumstances indicate the following:

- the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed,
- evaluation of the resources in the specific area have not led to the discovery of commercially viable quantities
- expenditure on further evaluation of resources in the specific area is neither budgeted nor planned
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying value of the exploration is unlikely to be recovered in full from successful development or by sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Office Equipment

Cost

All items of office equipment are measured at cost.

The carrying amount of office equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:

Office Equipment 2.5 – 10 years

(g) Taxes

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability 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 for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

(h) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions made by the Consolidated Entity to an employee's superannuation fund are charged as expenses when incurred.

Share-based payments

The Entity provides benefits to employees (including Directors) of the Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). These benefits are currently provided under the Employee Option Plan and Performance Rights Plan.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. The fair value of options at grant date is determined using either the Black-Scholes option pricing model or Hull & White valuation model and is recognised as an employee expense over the period during which the employees become entitled to the option.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an expense when the employees become entitled to the shares.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries. The Group does not have any material exposure to interest rate risk, liquidity risk, credit risk, currency risk or equity price risk. The Group manages its cash flows on a daily basis and reports to the board on a regular basis.

(j) Financial Instruments

Financial Assets

Trade receivables are carried at full amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable. Amounts receivable from other debtors are carried at full amounts due. Other debtors are normally settled on 30 days from month end unless there is a specific contract, which specifies an alternative date.

Non-listed investments, for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Loans and Receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

(k) Comparatives

Where necessary comparative information has been reclassified and repositioned for consistency with current year disclosures.

(l) Rounding Amounts

The company is of a kind referred to in ASIC Class Order 98/0100, and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(m) Drilling advances

Drilling advances are amounts provided to operators in accordance with Farm-in and Operating Agreements. These funds are to be used for the drilling of wells at sites in Eastern Gippsland Basin. The amount carried represents advances for exploration outstanding.

(n) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that review of the carrying amount of the asset may be required.

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(o) Joint Ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under their respective classification.

(p) New Accounting Standards and Interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The Directors' have not yet assessed the impact of these standards and interpretations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Critical Accounting Estimates and Judgments

Estimates and judgments are based on management's experience.

The Group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below.

Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Share-based payments

Calculation of share-based payments requires estimation of the timing of the exercise of the underlying equity instrument. The estimates are based on historical trends.

Deferred exploration expenditure

Exploration expenditure is carried forward when management expect that the expenditure can be recouped through successful development or sale or exploitation of the area of interest. In this scenario, management will consider impairment of deferred exploration expenditure in accordance with the factors outlined in Note 1(e). Where insufficient data exists to indicate successful development and there is an ongoing commitment to significant exploration in the area of interest, the exploration expenditure is carried forward.

(r) Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The economic entity incurred a loss for the year ended 30 June 2009 of \$1,549,138 (2008: \$1,586,350) and as at that date had net assets of \$10,165,791 (2008: \$11,630,011).

The Directors have identified that the Company's cash position as at 30 June 2009 was below the amount required to fulfil its committed exploration and work program over the forthcoming 12 months. The Directors have determined that there is an additional minimum cash requirement of \$1.4 million over the period.

Subsequent to year end the Company has addressed the cash requirement issue by:

- Successfully completing an equity raising totalling some \$910,000 from share placements to professional and sophisticated investors.
- Continuing to pursue opportunities to farm-out or dispose all or part of the consolidated entity's exploration interest.
- The Company has received letters of financial support for a further \$300,000 in funding (should it be required) over the next 12 months.
- The Company has secured a loan facility totalling \$200,000 which is repayable in November 2010.
- The Directors have commenced the process of accessing additional funding both debt and equity, however at the date of this report had not reached any agreement.

The Directors are of the opinion that the Company will be able to raise adequate funding as and when required to fulfil any future exploration work program and expansion of activities.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the economic entity be unable to continue to raise sufficient funding.

If the going concern basis of accounting is found to no longer be appropriate, the recoverable amounts of the assets shown in the Balance Sheet are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected in the Balance Sheet.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 2: REVENUE					
Interest		89	172	89	172
Total revenues from ordinary activities		89	172	89	172

NOTE 3: LOSS FROM CONTINUING OPERATIONS

Loss from continuing operations before income tax has been determined after the following specific expenses:

Depreciation of office equipment		28	43	28	43
Exploration expenditure written off		411	112	411	112
Movement in provision for employee entitlements		23	63	23	63
Occupancy Cost		47	48	47	48
Exchange loss/(gain)		(2)	23	(2)	23
Loan impairment		-	-	737	302
Employee benefits expense:					
- Wages and salaries		461	496	461	496
- Superannuation costs		187	286	187	286
- Share-based payments	12(b)	86	83	86	83
		734	865	734	865

NOTE 4: INCOME TAX

The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:

Prima facie tax on loss from ordinary activities at 30%		(465)	(476)	(683)	(564)
Tax effect of permanent differences and other differences:					
Loan impairment		-	-	221	91
Other non deductible expenses		12	33	9	30
Employee share options		26	25	26	25
Deferred tax expense/(income) relating to the origination and reversal of temporary differences		28	49	(8)	(31)
Under provision in prior years		10	-	10	-
Benefit of tax losses not brought to account		389	369	425	449
Income tax expense attributable to ordinary activities		-	-	-	-

Deferred tax asset not brought to account:

Deferred tax asset not recognised as an asset because recovery of tax losses is not probable or that future taxable amounts will be generated:

Tax losses	3,428	3,003	3,428	3,003
Temporary differences	88	80	88	80
Amounts not deductible in Australia	733	694	-	-
	4,249	3,777	3,516	3,083

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
ABN 51 111 418 270
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
NOTE 5: RECEIVABLES					
CURRENT					
Security deposit		80	80	80	80
Sundry debtors		284	354	284	354
GST receivable		29	8	29	8
		<u>393</u>	<u>442</u>	<u>393</u>	<u>442</u>

	Gross	Impairment	Gross	Impairment
	2009	2009	2008	2008
	\$'000	\$'000	\$'000	\$'000
Receivables ageing analysis at 30 June is:				
Not past due	130	-	241	-
Past due 0-30 days	212	-	55	-
Past due 31-90 days	51	-	146	-
	<u>393</u>	<u>-</u>	<u>442</u>	<u>-</u>

NOTE 6: OTHER ASSETS					
CURRENT					
Prepayments		29	24	25	21
Drilling Advance		-	2	-	2
		<u>29</u>	<u>26</u>	<u>25</u>	<u>23</u>

NOTE 7: PLANT AND EQUIPMENT					
Office Equipment					
At cost		152	150	152	150
Accumulated depreciation		(132)	(106)	(132)	(106)
		<u>20</u>	<u>44</u>	<u>20</u>	<u>44</u>

(a) Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year.

Office Equipment					
Carrying amount at beginning		44	59	44	59
Additions		4	29	4	29
Disposals		-	(1)	-	(1)
Depreciation expense		(28)	(43)	(28)	(43)
		<u>20</u>	<u>44</u>	<u>20</u>	<u>44</u>

NOTE 8: EXPLORATION EXPENDITURE					
Cost brought forward in respect of areas of interest		8,881	7,819	3,153	2,375
Expenditure incurred during the period		1,365	1,174	631	890
Expenditure written off during the period		(411)	(112)	(411)	(112)
Total exploration expenditure carried forward		<u>9,835</u>	<u>8,881</u>	<u>3,373</u>	<u>3,153</u>

NOTE 9: PAYABLES					
CURRENT					
Trade creditors		301	392	296	389
Other creditors		32	31	32	31
Related entities		-	-	1	1
		<u>333</u>	<u>423</u>	<u>329</u>	<u>421</u>

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
ABN 51 111 418 270
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 10: PROVISIONS					
CURRENT					
Employee benefits	10(a)	87	75	87	75
		<u>87</u>	<u>75</u>	<u>87</u>	<u>75</u>
NON CURRENT					
Employee benefits	10(a)	60	49	60	49
		<u>60</u>	<u>49</u>	<u>60</u>	<u>49</u>
(a) Aggregate employee entitlements liability		147	124	147	124
(b) Number of employees at year end		5	6	5	6

NOTE 11: CONTRIBUTED EQUITY

	Notes	2009		2008	
		No of shares	\$'000	No of shares	\$'000
(a) Issued and paid up capital					
Ordinary shares fully paid	11(b)	21,783	21,784	21,783	21,784
		<u>21,783</u>	<u>21,784</u>	<u>21,783</u>	<u>21,784</u>
(b) Movements in shares on issue					
Beginning of the financial year		144,982,380	21,784	129,982,380	20,284
Issued during the year		-	-	15,000,000	1,500
- Shares issued		-	-	-	-
- Transaction cost relating to share issue		-	(1)	-	-
End of the financial year		<u>144,982,380</u>	<u>21,783</u>	<u>144,982,380</u>	<u>21,784</u>

(c) Share Options

Options over ordinary shares:

Employee share option plan

The Company through the Employee Share Option Plan offers employees participation in short and long-term incentive schemes as part of the remuneration packages for the employees of the Company.

The schedule below summarises options issued under the Employee Option Plan:

Option Series	Issued Date	Expiry Date	Quantities			Exercise Price
			Issued	Lapsed	Remaining	
Director	11/11/2004	30/11/2009	6,000,000	-	6,000,000	\$0.20
Executives	23/05/2005	23/05/2010	1,250,000	-	1,250,000	\$0.20
Executives	9/03/2006	3/03/2011	250,000	-	250,000	\$0.20
Director	16/03/2006	16/03/2011	1,000,000	-	1,000,000	\$0.15
Executives	7/05/2007	7/05/2012	300,000	50,000	250,000	\$0.20
Executive	8/06/2007	7/05/2012	50,000	-	50,000	\$0.20
Director	3/12/2007	3/12/2012	5,000,000	-	5,000,000	\$0.40
Executive	28/05/2008	20/05/2013	150,000	-	150,000	\$0.20
			<u>14,000,000</u>	<u>50,000</u>	<u>13,950,000</u>	

The above options have no dividend rights and up to balance date none of the options have been exercised.

During the financial year Nil (2008: 5,150,000) option have been granted while 50,000 (2008: Nil) lapsed.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11: CONTRIBUTED EQUITY (cont'd)

(d) Performance Rights

The Company through the Performance Rights Plan has issued 12,000,000 (2008: Nil) performance rights to Directors, Executives and Employees. The performance rights expire on 28 June 2014 and vest on meeting the performance hurdle of increasing the company market capitalisation to 4 times that of the weighted average market capitalisation over the last month prior to suspension from the ASX Limited.

(e) Capital Management

When managing capital, managements objective is to ensure the entity continues as a going concern as well as ensuring there are sufficient funds to meet exploration commitments.

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 12: RESERVES AND ACCUMULATED LOSSES					
(a) Accumulated losses					
Balance at the beginning of year		(10,923)	(9,337)	(16,661)	(14,781)
Loss attributable to members of Gippsland Offshore Petroleum Limited		(1,549)	(1,586)	(2,275)	(1,880)
Total available for appropriation		(12,472)	(10,923)	(18,936)	(16,661)
Dividends paid		-	-	-	-
Balance at end of year		(12,472)	(10,923)	(18,936)	(16,661)

(b) Share-based payment reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 16 for details

(ii) Movements in reserve

Balance at the beginning of the year	769	686	769	686
Movement during the year	86	83	86	83
Balance at end of year	855	769	855	769

NOTE 13: CASH FLOW INFORMATION

(a) Reconciliation of the net loss after tax to the net cash flows from operations:

Net loss	(1,549)	(1,586)	(2,275)	(1,880)
Non-Cash Items				
Depreciation and amortisation	28	43	28	43
Employee equity-settled benefits	86	83	86	83
Exploration expenditure written off	411	112	411	112
Intercompany loan impairment	-	-	737	302
Changes in assets and liabilities				
(Increase)/decrease in receivables	(2)	58	(2)	58
Decrease in drilling advances	2	1	2	1
(Increase)/decrease in other assets	(5)	(6)	(4)	(6)
Increase/(decrease) in trade and other creditors	6	10	4	10
Increase in employee benefits	23	63	23	63
Net cash flow from operating activities	(1,000)	(1,222)	(990)	(1,214)

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
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 FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 13: CASH FLOW INFORMATION (cont'd)					
(b) Reconciliation of cash					
Cash balance comprises:					
- Cash at bank		34	149	31	139
- Term Deposits		335	2,635	335	2,635
Closing cash balance		369	2,784	366	2,774

(c) Loan and credit standby facility

There are no loan or credit standby facility arrangements as at 30 June 2009 (2008: nil).

NOTE 14: COMMITMENTS

Exploration expenditure commitments

- Not later than one year	900	600	900	500
- Later than one year and not later than five years	4,650	3,100	4,450	3,000
- Aggregate exploration expenditure contracted for at reporting date	5,550	3,700	5,350	3,500

NOTE 15: EARNINGS PER SHARE

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

Net loss	(1,549)	(1,586)
Adjustment – notional earnings on converting options	285	316
Earnings used in calculating basic and diluted earnings per share	(1,264)	(1,270)

	2009 No of shares	2008 No of shares
Effect of dilutive securities:		
Share options	33,982,877	31,390,274
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	178,965,257	163,989,044

Due to losses incurred all potential ordinary shares that could potentially dilute basic loss per share in the future were considered anti-dilutive and therefore not included in the calculations of diluted loss per share. Accordingly basic and diluted loss per share equate.

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
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NOTE 16: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

(a) Share-based payments

Options are granted to Directors, executives and other staff under the Gippsland Offshore Petroleum Limited Employee Options Plan or as approved by the Shareholders in General Meeting, as detailed in Note11(c).

The following share-based payment arrangements were in existence at the end of the period.

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Director options	6,000,000	11/11/2004	30/11/2009	20 cents	\$507,981
Employee options (i)	1,250,000	23/05/2005	23/05/2010	20 cents	\$61,050
Employee options (ii)	250,000	9/03/2006	9/03/2011	20 cents	\$14,499
Employee options (iii)	1,000,000	16/03/2006	16/03/2011	15 cents	\$57,796
Employee options (iv)	250,000	7/05/2007	7/05/2012	20 cents	\$42,675
Employee options (v)	50,000	8/06/2007	7/05/2012	20 cents	\$7,187
Employee options (vi)	150,000	28/05/2008	20/05/2013	20 cents	\$12,333
Director options (vii)	5,000,000	3/12/2007	3/12/2012	40 cents	\$284,775

(i)(ii)(iii)(vi) Options issued under the Gippsland Offshore Petroleum Limited Employee Option Plan vesting on issue date.

(iv)(v) All options issued under Gippsland Offshore Petroleum Employee Option Plan vest immediately except for 100,000 which vest on 7 May 2009.

(vii) Issue of options approved at Annual General Meeting on 29 November 2007 and vesting at a rate of 1 million on each anniversary from date of grant.

All options above are valued using the Black-Scholes pricing model except options (vii) which are valued using Hull & White valuation model using the following inputs:

Inputs into the model	2008		2007		2006		2005	
	Director options (vii)	Employee options (vi)	Employee options (iv)	Employee options (v)	Employee options (ii)	Employee options (iii)	Director options	Employee options (i)
Grant date share price	20.5 cents	13 cents	24 cents	21 cents	9 cents	9 cents	18 cents	13 cents
Exercise price	40 cents	20 cents	20 cents	20 cents	20 cents	15 cents	20 cents	20 cents
Volatility	65%	89.84%	79.59%	79.59%	97.26%	97.36%	49.94%	49.94%
Option life	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	6.305%	6.17%	6.02%	6.02%	5.27%	5.25%	5.35%	5.27%

The volatility is based on the historical and forecast share price volatility.

The following reconciles the outstanding options at the beginning and end of the financial year.

	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise prices
Balance at the beginning of the financial year	14,000,000	26.6	8,850,000	19.2 cents
Granted during the financial year	-	-	5,150,000	39.4 cents
Forfeited during the financial year	50,000	20.0	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year	13,950,000	26.6	14,000,000	26.6 cents
Exercisable at the end of the financial year	9,950,000	21.3	9,000,000	19.2 cents

GIPPSLAND OFFSHORE PETROLEUM LIMITED AND CONTROLLED ENTITIES
 ABN 51 111 418 270
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NOTE 16: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS (cont'd)

(b) Performance Rights

The following performance rights were granted to Directors and executives under the Performance Rights Plan.

Performance Rights Shares	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Director/Executives	12,000,000	29/06/2009	28/06/2014	Nil	\$223,200

The above performance rights vest on meeting the performance hurdle as detailed in Note 11(d)

The performance rights are valued using the Merton, Reiner and Rubenstein pricing model using the following inputs:

Grant Date:	29 June 2009
Exercise price:	Nil
Volatility:	70%
Option Life:	5 years
Dividend Yield:	Nil
Risk Free Interest Rate:	4.91%

Notes	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

NOTE 17: AUDITOR'S REMUNERATION

Amounts received or due and receivable by Pitcher Partners for:

- An audit or review of the financial report of the entity and any other entity in the consolidated entity	31	31	31	31
- Other services	-	-	-	-
	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>

NOTE 18: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Gippsland Offshore Petroleum Limited and its controlled entities listed below:

	Country of Incorporation	Percentage Owned	
		2009	2008
Parent Entity:			
Gippsland Offshore Petroleum Limited	Australia		
Subsidiaries of Gippsland Offshore Petroleum Limited:			
Neptune Exploration Pty Ltd	Australia	100%	100%
Arawak Oil & Gas Limited	British Virgin Islands	100%	100%
Petrole Investment Group Pty Ltd	Mauritius	100%	100%

(b) Transactions with director and/or executives and their personally-related entities

During the year, administrative support, office accommodation and I.T. facilities were provided at commercial rates by a Director related entity, Mineral Deposits Limited, of which Mr N J Limb is a Director. Mineral Deposits Limited charged \$69,021 (2008: \$85,060) in relation to the provision of these services.

(c) Joint Venture Interest

The Entity has the following significant exploration joint venture interest:

- Walton Basin Jamaica – Petroleum exploration with 50% participating interest.
- Block L-6 Kenya – Petroleum exploration with 60% participating interest

The Consolidated Entity's share of assets employed in the joint ventures at 30 June 2009 was \$9,895,178 (2008: \$8,875,955). For further analysis geographical segment information at Note 19.

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FOR THE YEAR ENDED 30 JUNE 2009

NOTE 19: SEGMENT INFORMATION

The Consolidated Entity is only involved in petroleum exploration. These activities are predominantly in Australia, Jamaica and Kenya.

The following table presents certain information regarding the Geographical segments.

	Revenue		Segment results		Segment assets		Segment liabilities	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Australia	89	172	(1,516)	(1,574)	725	3,297	352	243
Jamaica	-	-	-	-	6,542	5,728	112	206
Kenya	-	-	(17)	-	3,353	3,148	11	95
Other	-	-	(16)	(12)	26	4	5	3
Consolidated	89	172	(1,549)	(1,586)	10,646	12,177	480	547

NOTE 20: FINANCIAL INSTRUMENTS

(a) Interest rate risk

The Consolidated Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Fixed interest rate maturing in:

Financial Instruments	1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the Balance Sheet		Weighted average effective interest rate	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 %
(i) Financial assets												
Cash	366	2,776	-	-	-	-	3	8	369	2,784	6.51	7.56
Receivables	-	-	-	-	-	-	393	442	393	442	-	-
Other	-	-	-	-	-	-	29	26	29	26	-	-
Total financial assets	366	2,776	-	-	-	-	425	476	791	3,252		
(ii) Financial liabilities												
Payables	-	-	-	-	-	-	333	423	333	423		
Total financial liabilities	-	-	-	-	-	-	333	423	333	423		

NOTE 20: FINANCIAL INSTRUMENTS (cont'd)

(b) Credit risk exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the Balance Sheet and Notes to the Financial Statements

The entity's credit risk exposure is with the Westpac Banking Corporation in relation to its operating account and term deposits.

(c) Net fair values

The net fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the balance sheet and notes to the financial statements.

NOTE 21: SUBSEQUENT EVENTS

The company placed 8,600,000 fully paid ordinary shares at a price of 10.5 cents per share to professional and sophisticated investors.

Mr O Lennox-King and Mr H Wilson were appointed Non-Executive Directors on 3 July 2009 and 7 October 2009 respectively.

DIRECTORS DECLARATION

The Directors declare that the financial statements and notes set out on pages 13 to 29 are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2009 and of their performance as represented by the results of their operations, changes in equity and their cash flows, for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Gippsland Offshore Petroleum Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.

This declaration is made in accordance with a resolution of the Directors.



P G Harman
Chairman

Melbourne
Date 30 October 2009

GIPPSLAND OFFSHORE PETROLEUM LIMITED
ABN 51 111 418 270
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GIPPSLAND OFFSHORE PETROLEUM LIMITED

We have audited the accompanying financial report of Gippsland Offshore Petroleum Limited and controlled entities. The financial report comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

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

GIPPSLAND OFFSHORE PETROLEUM LIMITED
ABN 51 111 418 270
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GIPPSLAND OFFSHORE PETROLEUM LIMITED

Auditor's Opinion

In our opinion,

- (a) the financial report of Gippsland Offshore Petroleum Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the matters set in Note 1(r) – Going Concern.

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The economic entity incurred a loss for the year ended 30 June 2009 of \$1,549,138 (2008: \$1,586,350) and as at that date had net assets of \$10,165,791 (2008: \$11,630,011).

The Directors have identified that the company's cash position as at 30 June 2009 was below the amount required to fulfil its committed exploration and work program over the forthcoming 12 months. The Directors have determined that there is an additional minimum cash requirement of \$1.4 million over the period.

Subsequent to year end the Company has addressed the cash requirement issue by:

- Successfully completing an equity raising totalling some \$910,000 from share placements to professional and sophisticated investors.
- Continuing to pursue opportunities to farm-out or dispose all or part of the consolidated entity's exploration interest, however at the date of this report had not reached any agreement.
- The Company has received letters of financial support for a further \$300,000 in funding (should it be required) over the next 12 months.
- The Company has secured a loan facility totalling \$200,000 which is repayable in November 2010.
- The Directors have commenced the process of accessing additional funding both debt and equity, however at the date of this report had not reached any agreement.

**GIPPSLAND OFFSHORE PETROLEUM LIMITED
ABN 51 111 418 270
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GIPPSLAND OFFSHORE PETROLEUM LIMITED**

Material Uncertainty Regarding Continuation as a Going Concern – (continued)

The company's ability to continue as a going concern and meet its debts and contractual commitments as they fall due is dependent on its ongoing ability to raise adequate funding.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the economic entity be unable to continue to raise sufficient funding.

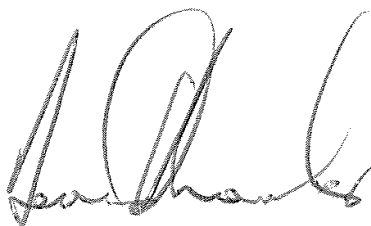
If the going concern basis of accounting is found to no longer be appropriate, the recoverable amounts of the assets shown in the Balance Sheet are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected in the Balance Sheet.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the Directors' Report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Gippsland Offshore Petroleum Limited and controlled entities for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



D A KNOWLES
Partner
30 October 2009



PITCHER PARTNERS
Melbourne

ADDITIONAL INFORMATION AS AT 25 OCTOBER 2009

1. SHAREHOLDING

The issued capital of the Company was 153,582,380 ordinary shares fully paid as at 25 October 2009. In addition, the Company has on issue 33,950,000 options to acquire shares at an exercise price between 15 cents and 40 cents each. The options expire between 30 November 2009 and 20 May 2013. The Company also has on issue 12,000,000 performance rights which expire on 28 June 2014.

(a) Distribution

Size of Holding	Number of Shareholders	Units	%
1 – 1,000	21	8,738	0.01
1,001 – 5,000	137	501,281	0.32
5,001 – 10,000	316	2,921,152	1.90
10,001 – 100,000	778	30,432,794	19.82
100,001 and over	209	119,718,415	77.95
	<u>1,461</u>	<u>153,582,380</u>	<u>100.00</u>

(b) Substantial shareholders as at 25 October 2009

	Name	Number of Shares Held	%
1	Oliver Lennox-King	13,000,000	8.46
2	Fountain Oaks Pty Ltd <Limb Family Super Fund A/C>	7,548,142	4.91

(c) 20 Largest Shareholders – Ordinary Shares

	Name	Number of Shares Held	%
1	Oliver Lennox-King	13,000,000	8.46
2	Fountain Oaks Pty Ltd <Limb Family Super Fund A/C>	7,548,142	4.91
3	AWJ Investments Pty Ltd	5,180,000	3.37
4	ANZ Nominees Limited <Cash Income A/C>	3,913,820	2.55
5	Mr John Darroch & Mrs Gloria Darroch <JN Darroch Private S/F A/C>	3,036,620	1.98
6	Greenslade Holdings Pty Ltd	3,000,000	1.95
7	Mr Warwick Lee Sharp	2,525,000	1.64
8	Cormark Securities Investment Fund	2,000,000	1.30
9	Toad Facilities Pty Ltd < JP Nettleton/Toad S/F A/C>	1,934,548	1.26
10	Kerlam Pty Ltd <The Kertesz Family A/C>	1,650,000	1.07
11	Bill Michaelidis <Fifteenth Thor S/F>	1,649,857	1.07
12	Kimbriki Nominees Pty Ltd <Kimbriki Hamilton S/F A/C>	1,500,000	0.98
13	Mr P A K Naylor & Mrs A Naylor <Callahorn S/F A/C>	1,500,000	0.98
14	Mr W Beach	1,500,000	0.98
15	Mr G Davis	1,500,000	0.98
16	Foresight Pty Ltd	1,270,000	0.83
17	Mr John Darroch	1,140,000	0.74
18	Mr Michael Andrew Whiting + Mrs Tracey Anne Whiting <Whiting Family S/F A/C>	1,125,000	0.73
19	Frontier Forge Pty Ltd	1,100,000	0.72
20	Mousetrap Nominees Pty Ltd	1,075,000	0.70
		<u>57,147,987</u>	<u>37.20</u>

ADDITIONAL INFORMATION AS AT 25 OCTOBER 2009 (cont'd)

2. OPTION/PERFORMANCE RIGHTS

(a) Distribution

Size of Holding	Number of Optionholders	Units	%	Number of Performance Rightsholders	Units	%
1 – 1,000	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	1	50,000	0.15	-	-	-
100,001 and over	10	33,900,000	99.85	7	12,000,000	100.00
	11	33,950,000	100.00	7	12,000,000	100.00

Name	Number of Options Held	%	Number of Rights Held	%
Lakes Oil NL	13,333,333	39.27		
C M Norman	7,000,000	20.62	5,000,000	41.68
Rilo Exploration Pty Ltd	6,666,667	19.63		
P G Harman	2,000,000	5.89	2,000,000	16.67
N J Limb	2,000,000	5.89	2,000,000	16.67
R J Annells	2,000,000	5.89		
P Nicholls	250,000	0.74	1,000,000	8.33
V Michaelidis	250,000	0.74	1,000,000	8.33
Fifteenth Thor S/F	250,000	0.74		
R J Jason	150,000	0.44	500,000	4.16
T Huynh	50,000	0.15	500,000	4.16
	33,950,000	100.00	12,000,000	100.00

(b) Voting Rights

Voting rights of members are governed by the Company's Constitution. In summary, on the show of hands, every member present in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every share held.

3. TENEMENT SCHEDULE

Country	Tenement	Locality	Interest
Jamaica	Blocks 6, 7, 10, 11 and 12	Walton basin – offshore Jamaica	50% Equity interest
Kenya	Block L-6	Lamu basin – offshore Kenya	60% Joint Venture interest
France	Saint Griede	Aquitaine basin – onshore France	50 % Joint Venture interest

CORPORATE DIRECTORY

DIRECTORS

Phillip G Harman (Chairman)
Nicholas J Limb (Non-Executive)
Oliver Lennox-King (Non-Executive)
Henry G Wilson (Non-Executive)
Catherine M Norman (Managing Director)

COMPANY SECRETARY

Bill Michaelidis

REGISTERED OFFICE

Level 7, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Telephone: (03) 9909 7609
Facsimile: (03) 9909 7621
E-Mail: gopinfo@gop.com.au
Website: www.gop.com.au

Registers of option and performance rights holders held at this address

LEGAL ADVISERS

Baker & McKenzie
Level 39, 525 Collins Street
Melbourne VIC 3000

AUDITOR

Pitcher Partners
Level 19, 15 Williams Street
Melbourne VIC 3000

BANKERS

Westpac Banking Corporation
Level 7, 360 Collins Street
Melbourne VIC 3000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Register of ordinary shares held at this address