

GOLDEN GATE PETROLEUM LTD

(ABN 34 090 074 785)

NOTICE OF GENERAL MEETING

AND

PROXY FORM

Date of Meeting

10 July 2007

Time of Meeting

2.30pm

Place of Meeting

Level 1, 566 Elizabeth Street
MELBOURNE
VICTORIA 3000

**GOLDEN GATE PETROLEUM LTD
ABN 34 090 074 785**

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the General Meeting of the shareholders of Golden Gate Petroleum Ltd ABN 34 090 074 785 ("Company") will be held at Level 1, 566 Elizabeth Street, Melbourne Victoria on 10 July 2007, at 2.30pm (Eastern Standard Time) for the purpose of transacting the following business.

AGENDA

BUSINESS

An Explanatory Memorandum containing information in relation to each of the following resolutions accompanies this Notice of General Meeting.

ORDINARY BUSINESS

RESOLUTION 1 - RATIFYING THE ISSUE OF 14,000,000 SHARES

That shareholders consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That pursuant to ASX Listing Rule 7.4 of ASX Limited, the Company approves and ratifies the allotment and issue of 14,000,000 ordinary shares in the capital of the Company at a price of 41 cents per ordinary share to the parties specified in, and on such terms and conditions referred to in the Explanatory Memorandum."

Short Explanation: ASX Listing Rule 7.1 allows the Company to issue equity securities in any 12 month period representing up to 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. By obtaining ratification by shareholders under ASX Listing Rule 7.4 to the issue of the securities under this resolution, the Company will refresh and expand the Company's capacity under ASX Listing Rule 7.1 to make future issues of equity securities up to the 15% threshold. Please refer to the Explanatory Statement for details.

The Company will disregard any votes cast on this resolution by persons who participated in the issue of Shares the subject of this resolution and any associates of those persons. However, the Company will not disregard a vote cast on this resolution if:

- a) it is cast by an allottee as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 2 – RATIFYING THE ISSUE OF 11,320,754 CONVERTIBLE NOTES

That shareholders consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That pursuant to ASX Listing Rule 7.4 of ASX Limited, the Company approves and ratifies the allotment and issue of 11,320,754 unsecured convertible notes in the Company to professional and sophisticated investors under the terms set out in Annexure A to this Notice of Meeting each with a face value of 26.5 cents, bearing interest at 10% per annum, paid quarterly in arrears and repayable in two years from the date of issue if not converted to ordinary shares prior to this date, and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Short Explanation: ASX Listing Rule 7.1 allows the Company to issue equity securities in any 12 month period representing up to 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. By obtaining ratification by shareholders under ASX Listing Rule 7.4 to the issue of the securities under this resolution, the Company will refresh and expand the Company's

capacity under ASX Listing Rule 7.1 to make future issues of equity securities up to the 15% threshold. Please refer to the Explanatory Statement for details.

The Company will disregard any votes cast on this resolution by persons who participated in the issue of Convertible Notes the subject of this resolution and any associates of those persons. However, the Company will not disregard a vote cast on this resolution if:

- a) it is cast by an allottee as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 3 – APPROVAL FOR THE ISSUE OF OPTIONS TO JEFFREY COPLEY

That shareholders consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with Section 208 of the Corporations Act 2001 (Cth) and pursuant to ASX Listing Rule 10.11 of ASX Limited, approval is given for the grant of 2,000,000 unlisted options to Jeffrey Copley exercisable at 25 cents expiring on or before 30 June 2010 and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Short Explanation: Under the related party provisions of the *Corporations Act 2001 (Cth)* (Chapter 2E) the provision of any financial benefit (which includes the granting of options) to a related party requires shareholder approval unless excepted in terms of the Corporations Act. The ASX Listing Rules require the Company to seek shareholder approval prior to the issue of equity securities to a related party. Mr Copley as a Director is a related party of the Company.

Voting Exclusion - The Company will disregard any votes cast on this resolution by Mr Copley and any of his associates. However, the Company need not disregard a vote cast on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 4 - APPROVAL FOR ISSUE OF ORDINARY SHARES

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**.

"That for the purposes of ASX Listing Rule 7.1 of ASX Limited and for all other purposes, approval is given for the Company to allot and issue up to 20,000,000 ordinary shares at an issue price that is at least 85% of the average market price calculated over the last 5 days on which sales in the Company's ordinary shares are recorded before the day on which the issue is agreed, or if there is a prospectus issued relating to the issue, over the last 5 days on which sales in the Company's ordinary shares are recorded before the date of the prospectus and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. Please refer to the Explanatory Statement for details.

Voting Exclusion - The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a shareholder, if this resolution is passed and any associate of those persons. However, the Company need not disregard a vote case on this resolution if:

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| <ul style="list-style-type: none">(a) it is cast by an allottee as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or(b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides. |
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VOTING AND PROXIES

1. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the General Meeting. The date is 8 July 2007 at 5pm (Eastern Standard Time).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

By order of the Board



Mr Mark Freeman
Director & Company Secretary
Dated: 6 June 2007

PROXIES - A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the shareholder's voting rights. If two proxies are appointed and the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes. A proxy may, but need not be, a shareholder of the Company. Proxy forms must reach the Company at least 48 hours prior to the meeting. For the convenience of shareholders, a proxy form is attached.

GOLDEN GATE PETROLEUM LIMITED
ABN 34 090 074 785

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

RESOLUTION 1 - RATIFYING THE ISSUE OF 14,000,000 SHARES

On 19 December 2006, the Company issued 14,000,000 Shares to professional and sophisticated investors within the meaning of section 708 of the Corporations Act using the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 1 seeks Shareholder approval to ratify the issue of 14,000,000 Shares at the issue price of 41 cents each which raised A\$5.74m before expenses.

ASX Listing Rules 7.1 and 7.4

Under ASX Listing Rule 7.1, the Company is permitted to issue up to 15% of its equity securities within a 12 month period without the requirement to obtain Shareholder approval. Whilst Shareholder approval for the issue of the Shares was not required at the time of the issue, the effect of the issue is to reduce the Company's capacity to issue additional equity securities in the future without Shareholder approval.

ASX Listing Rule 7.4 allows an issue made by the Company without Shareholder approval under ASX Listing Rule 7.1 to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if it is subsequently approved by Shareholders and did not breach ASX Listing Rule 7.1 at the time of issue.

The Company wishes to seek Shareholder approval for the purposes of ASX Listing Rule 7.4 by ratification in order to renew the Company's capacity to issue up to 15% of the equity securities of the Company on issue in a 12 month period.

For the purposes of ASX Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The number of Shares allotted was 14,000,000 Shares.
- (b) The Shares were issued at 41 cents per Share.
- (c) The Shares issued were fully paid ordinary shares in the Company and rank equally with the Company's existing issued Shares.
- (d) The allottees of the Shares were sophisticated, professional and other investors who were all exempted from the disclosure provisions under section 708 of the Corporations Act. None of the allottees were related parties of the Company.
- (e) The funds raised from the issue was used to fund working capital for drilling programs on Padre Island.

The Board recommends Shareholders vote in favour of this resolution as it allows the Company to ratify the above issue of Shares and retain the flexibility to issue further equity securities representing up to 15% of the Company's share capital during the next 12 months.

RESOLUTION 2 – RATIFYING THE ISSUE OF 11,320,754 CONVERTIBLE NOTES

The Company previously announced on 15 May 2007 the issue of 11,320,754 Convertible Notes for a term of two years to raise up to A\$3,000,000 before expenses.

The face value of each Convertible Note is 26.5 cents. Interest will be payable by the Company at a rate of 10% per annum, payable quarterly in arrears. The Convertible Note will be able to be converted by the Note Holder into Shares in the Company in accordance with the terms stated below. Any unconverted Convertible Notes will be repaid at maturity. The Convertible Notes can be converted into Shares at the option of the Note Holder at any time prior to maturity.

The conversion price for the Convertible Notes is 26.5 cents per Share. The Convertible Notes are secured against the Company's existing producing wells being mid frio La Playa well #1, La Playa ST938 #1, and Dunn Peach #6. The terms of the Convertible Notes are contained in Annexure A. The Convertible Notes have been issued to unrelated parties.

Approvals Required

Under ASX Listing Rule 7.1 the Company is permitted to issue up to 15% of its equity securities within a 12 month period without the requirement to obtain Shareholder approval. Whilst Shareholder approval for the issue of the Shares was not required at the time of the issue, the effect of the issue is to reduce the Company's capacity to issue additional equity securities in the future without Shareholder approval.

ASX Listing Rule 7.4 allows an issue made by the Company without Shareholder approval under ASX Listing Rule 7.1 to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if it is subsequently approved by Shareholders and did not breach ASX Listing Rule 7.1 at the time of issue.

The Company wishes to seek Shareholder approval for the purposes of ASX Listing Rule 7.4 by ratification in order to renew the Company's capacity to issue up to 15% of the equity securities of the Company on issue in a 12 month period.

For the purposes of ASX Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The number of Convertible Notes allotted was 11,320,754.
- (b) The Convertible Notes convert to Shares on a 1:1 ratio at 26.5 each.
- (c) The Convertible Notes following conversion to Shares will be fully paid ordinary shares in the Company and rank equally with the Company's existing issued Shares.
- (d) The allottees of the Convertible Notes were sophisticated, professional and other investors who were all exempted from the disclosure provisions under section 708 of the Corporations Act. None of the allottees were related parties of the Company.
- (e) The funds raised from the issue will be used to fund working capital for drilling programs on Padre Island.

The Board recommends Shareholders vote in favour of this resolution as it allows the Company to ratify the above issue of convertible notes and retain the flexibility to issue further equity securities representing up to 15% of the Company's share capital during the next 12 months.

RESOLUTION 3 - APPROVAL OF THE ISSUE OF OPTIONS TO JEFFREY COPLEY

As announced on 23 April 2007 and subject to obtaining Shareholder approval, the Board has resolved to issue Mr Jeffrey Copley 2,000,000 incentive options exercisable at 25 cents each and otherwise on the terms set out in Appendix B to this Explanatory Memorandum. Each option entitles the holder to subscribe for one Share on payment of the exercise price. This resolution seeks Shareholder approval for the issue of these options.

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied in relation to this resolution. These are summarised below.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of equity securities (including an option) to a related party of the Company. If this resolution is passed, securities will be issued to Mr Copley (or his nominee), who is a related party of the Company by virtue of him being a Director of the Company.

Accordingly, approval for the issue of securities to Mr Copley is required pursuant to ASX Listing Rule 10.11. Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the options to Mr Copley as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of securities to Mr Copley will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to this resolution:

- (a) the number of options to be granted by the Company is 2,000,000 to Mr Copley (or his nominee);
- (b) the options will be granted for nil consideration and therefore no funds will be raised from the grant of the options;
- (c) the options will be granted within one month of the date of the meeting;
- (d) the purpose of the issue of the options is to give Mr Copley an incentive to provide dedicated and ongoing commitment to the Company and to preserve the Company's cash funds;
- (e) Mr Copley is a director and as such is a related party who requires approval under Listing Rule 10.11; and
- (f) the options will be issued on the terms and conditions set out in Appendix B of this Explanatory Memorandum.

Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

As mentioned above, Mr Copley is a related party of the Company due to the fact that he is a director of the Company.

In the current circumstances, the issue of the options to Mr Copley constitutes a "financial benefit" as defined in the Corporations Act. Further, Mr Copley is a related party of the Company as defined under the Corporations Act. Accordingly, the proposed issue of options to Mr Copley (or his nominee) constitutes the provision of a financial benefit to a related party of the Company.

Sections 219 of the Corporations Act

Pursuant to Section 219 of the Corporations Act, the Company provides the following information to shareholders in respect of the proposed financial benefit to be given Mr Copley:

- (a) The related party to whom the financial benefit will be given is a director of the Company, Mr Copley (or his nominee).
- (b) The nature of the financial benefit to be provided is the grant of options for nil consideration. The number of options to be granted is 2,000,000 to Mr Copley. This number of options were agreed upon by the Board following an external review of remuneration paid to directors of oil and gas exploration companies listed on the ASX and of a similar size and market capitalisation to the Company. It was considered that this number of options was appropriate remuneration for him in light of his skill and experience and when considered together with his salary and other remuneration detailed below.
- (c) The issue of options to Mr Copley preserves the cash resources of the Company during its project development phase, and at the same time provides an added incentive to him to create shareholder wealth. The incentive represented to Mr Copley by the grant of these options is a cost effective and efficient reward from the point of view of the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation.

All Directors (excluding Mr Copley) recommend that Shareholders vote in favour of this resolution as they are of the view that the grant of the options to Mr Copley preserves the cash resources of the Company during its forthcoming project development phase, and at the same time provides an

added incentive to create shareholder wealth. Mr Copley declined to make a recommendation in relation to this resolution due to the fact that he has a material personal interest in its outcome.

- (d) If Shareholders approve the issue of options to Mr Copley, and all of the options are exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 1.1% on an undiluted basis and based on the number of Shares on issue as at the date of this Notice. Further detail of the effect on the Company's capital structure is set out below under the heading "Potential Effect of Capital Structure".

The exercise of the options will also increase the cash reserves of the Company by \$500,000.

- (e) The market price for Shares during the term of the options would normally determine whether or not Mr Copley exercises these options. If, at the time any of the options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the options, there may be a perceived cost to the Company.
- (f) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

	Date	Price
Highest	30 November 2006	56 cents
Lowest	17 April 2006	15 cents
Last	6 July 2006	31.5 cents

- (g) Mr Copley currently has no securities in the Company.
- (h) The value of the options to be granted to Mr Copley has been calculated using the Binomial option valuation methodology, which is the most widely used and recognised model for pricing options. The details of the valuation is set out below under the heading "Valuation of Options".

Based on the assumptions used for the Binomial model, the options have been valued at 11.2 cents each. The table below sets out the total value of the options along with the existing remuneration currently paid:

	Salary Package	Value of Options	Total remuneration
Jeffrey Copley	\$189,927	\$224,000	\$413,927

- (i) Other than as set out in this Notice and Explanatory Memorandum the Company considers that from an economic and commercial point of view there are not any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company resulting from the issue of the options pursuant to this resolution. In accordance with International Financial Reporting Standards, under AASB 2 "Share-based Payments", the Company will be required to recognise an expense in the Statement of Financial Performance in respect of the value of these options.
- (j) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this resolution.

Valuation of Options

The options have been valued using the Binomial options valuation methodology by the Company's independent external advisers, Stanton Partners, and based upon the following assumptions:

- options expire 30 June 2010 and are exercisable at 25 cents;
- the market trading price of the Shares as at 24 May 2007 was 25.5 cents;
- the current risk free interest rate (Treasury Bond Rate) of 6.25%;
- volatility factor of 55%;
- the valuations ascribed to the various options may not necessarily represent the market price of the options at the date of the valuation;

6. the valuation date is 24 May 2007 although the options will not be granted until Shareholders approval on or around 10 July 2007; and
7. based on the above assumptions the value of the options are 11.2 cents each.

It is noted that the Board resolved to issue the options on 23 April 2007 at which time the market trading price of the shares was 19 cents each.

Potential Effect on Capital Structure

The potential effect that this resolution could have on the capital structure of the Company is summarised in the table below:

Event	Shares	Options	Con Notes
Current	176,104,770	7,950,000	11,320,754
Post issue of options to Directors	176,104,770	9,950,000	11,320,754

The 7,950,000 unissued ordinary shares under option are broken down as follows:

Number of options		Exercise Price	Expiry Date
200,000	Unlisted	\$0.33	19-Aug-08
1,000,000	Unlisted	\$0.33	1-Dec-08
3,500,000	Unlisted	\$0.22	1-Dec-08
<u>3,250,000</u>	Unlisted	\$0.54	31-Dec-09
7,950,000			

RESOLUTION 4 – APPROVAL FOR ISSUE OF ORDINARY SHARES

The Company is currently undertaking a drilling program on Padre Island, Texas, USA. The Company is now seeking Shareholder approval to increase the issued share capital to provide the Company with the flexibility to finance such additional costs through shareholder's funds should it elect to do so.

The Company is seeking approval for the issue of 20,000,000 Shares. The number of Shares to be issued (the aggregate of the Shares proposed to be issued) is in excess of the number of equity securities that can be issued by the Company without Shareholder approval. If Resolutions 1, 2, 3 and 4 are approved, this will leave the Company with the flexibility to issue equity securities in the future up to the 15% threshold. ASX Listing Rule 7.3 sets out the information to be provided to Shareholders to allow them to make an informed decision.

The following additional information is provided pursuant to the ASX Listing Rules:

1. The maximum number of securities to be issued if this resolution is approved is 20,000,000 Shares.
2. The Shares will be issued within 3 months of the date of Shareholder approval (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
3. The Shares will be issued at a price of no less than 85% of the average market price calculated over the last 5 days on which sales in the Shares are recorded before the day on which the issue is agreed, or, if there is a prospectus relating to the issue, over the 5 days on which sales in the Shares are recorded before the date of the prospectus.
4. At the date of this Explanatory Statement, the names of the proposed allottees are not known and the quantity of the Shares to be issued to each allottee are not known. The Company intends (but without limitation) to issue the Shares to sophisticated and professional investors who are exempt from the disclosure requirements of Chapter 6D of the Corporations Act so that any offer of Shares will not require a disclosure document. The Shares will not be issued to Directors or other related parties.
5. The Shares will be fully paid and will rank pari passu with existing Shares on issue.
6. The purpose of the raising is to fund additional exploration and development costs for the Company's Padre Island. The Company will also seek to retain sufficient cash reserves to fund its working

capital needs. The value of funds to be raised is unable to be ascertained given the inherent uncertainty regarding the future Share price which is subject to a range of factors, many of which are outside the the control of the Company, including the general economic outlook, outlook for interest rates and inflation, currency fluctuation, commodity prices and changes in government legislation. As an indication, the Company anticipates that funds will be required to pay for the following:

Padre Island Project	Use of Funds
Completion & development costs on wilson	\$1,000,000
Wilson development well	\$3,000,000
Project acquisition costs	\$500,000
General working capital	\$500,000

7. The Shares may be allotted progressively. The Company may not necessarily issue the full complement of Shares and may issue a lesser number.

Enquiries - Shareholders are invited to contact Mr Mark Freeman, Director & Company Secretary, on (08) 9324 1177 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

"**ASX**" means ASX Limited;

"**Companies Act**" means the *Companies Act 2001* (Cth);

"**Company**" or "**Golden Gate**" means Golden Gate Petroleum Ltd ABN 34 090 074 785;

"**Convertible Note**" means a Convertible Note in the Company issued under the terms contained in Annexure A;

"**Directors**" means Directors of the Company;

"**Explanatory Memorandum**" means this information attached to the Notice, which provides information to Shareholders about the resolutions contained in the Notice;

"**Note Holder**" means the holder of a Convertible Note;

"**Notice**" means the notice of meeting which accompanies this Explanatory Memorandum;

"**Shareholder**" means the holder of a Share; and

"**Shares**" means fully paid ordinary shares issued in the capital of the Company.

Appendix A – Convertible Note Conditions

1. THE CONVERTIBLE NOTE ISSUE

1.1 Terms

The Convertible Note will:

- (a) have a face value of AUD\$0.265 each;
- (b) be issued to an investor who falls within one of the exemptions contained in section 708 of the Corporations Act from the general requirement set out in section 706 of the Corporations Act that the issue of securities to investors occur by way of a disclosure document;
- (c) bear interest as set out in clause 2;
- (d) be redeemed in accordance with clause 3; and
- (e) be convertible into Shares, as provided in clause 4.

1.2 Voting

The Convertible Notes do not give the Noteholder the right to vote at a meeting of the members of the Company.

1.3 Security

The Convertible Notes will be secured by the Security against the Producing Assets.

Each Noteholder will rank equally with all other Noteholders who subscribe for Convertible Notes under the Convertible Notes Issue and if the Security is enforced, each Noteholder will be entitled to participate in a pro-rata percentage of the rights under the Security based on their pro-rata take up of the total Convertible Notes being offered under the Convertible Note Issue.

Each party must, at its own expense, on the request of another party, enter into such documents as is required to give effect to the Security, including without limitation a deed of priority.

1.4 Entry in Register

The Company must ensure that the Noteholder's details are entered in the Register.

1.5 Noteholder Warranties

The Noteholder warrants that it is a person who falls within one of the exemptions contained in section 708 of the Corporations Act from the general requirement set out in section 706 of the Corporations Act that the issue of securities to investors occur by way of a disclosure document, or is otherwise a person to whom Chapter 6D of the Corporations Act does not apply.

2. INTEREST AND TAX

2.1 Interest Rate

- (a) Interest will be payable on the Convertible Notes at the rate of 10% per annum.
- (b) Interest will accrue quarterly on and from the Nominated Date through to the Maturity Date, unless the Convertible Notes are converted, in which case interest will accrue daily on and from the Nominated Date through to the Conversion Date and will be paid quarterly in arrears.
- (c) Interest will be paid quarterly in arrears on 31 December, 31 March, 30 June and 30 September each year prior to the Maturity Date. In the event that a Noteholder elects to convert any or all of its Convertible Notes to Shares, any accrued interest on those Convertible Notes converted into Shares will be paid within 5 Business Days of the Conversion Date.

2.2 Withholding Tax

- (a) All payments or credits to, or to the account of the Noteholder (including payment of, and credits in respect of interest) will be made net of any tax in respect thereof required by law to be withheld, deducted or paid by the Company except to the extent that the Company is

satisfied that the Noteholder is exempt from any such tax or is a person in respect of whom any such withholding, deduction or payment is not required to be made. Any Noteholder claiming any such exemption or to be such a person will provide the Company with such evidence as the Company may from time to time require to satisfy itself as to the validity of such claim.

- (b) The Company may make any deduction or withholding from any amount payable to the Noteholder in respect of the Convertible Notes for or on account of withholding or other tax required by law to be deducted or withheld, and, where any such deduction or withholding has been made and the amount thereof accounted for by the Company to the Commissioner of Taxation or other appropriate taxing authority and the balance of the amount payable has been paid to the Noteholder concerned, the full amount payable to such Noteholder will be deemed to have been duly paid and satisfied by the Company.

3. REDEMPTION

3.1 Redemption

The Convertible Notes will be redeemed by the Company in the following circumstances:

- (a) if the Noteholder has not elected to convert the Convertible Notes by the Maturity Date; or
- (b) if an Event of Default occurs, the Noteholder may, in its sole discretion, call on the Company to redeem the Convertible Notes, provided it gives to the Company a written notice of redemption.

The redemption contemplated in clauses 3.1(a) and 3.1(b) shall be known as the "**Redemption Event**".

3.2 Repayment

If a Redemption Event occurs the Company must pay to the Noteholder the amount referred to in clause 3.1 the first Business Day following the Maturity Date or, where the Noteholder has elected to call on the Company to redeem the Convertible Notes in accordance with clause 3.1(b), within 10 business days of the Event of Default, as the case may be.

3.3 Timing of Redemption

Where a Redemption Event occurs in accordance with clause 3.1, the Company will deliver to the Noteholder a cheque, draft, deposit or electronic funds transfer in favour of the Noteholder or such other person as the Noteholder will have directed the Company in writing, for the Redemption Amount which includes the amount of any interest payment calculated in accordance with clause 2.

3.4 Exclusion

The Noteholder will not be entitled to require redemption of the Convertible Notes held by it otherwise than pursuant to this clause 3.

4. CONVERSION

4.1 Conversion

- (a) The Noteholder may elect to convert the Convertible Notes at any time from the Nominated Date to the Maturity Date, subject to compliance with paragraph 4.1(c).
- (b) The Noteholder may only elect to convert its Convertible Notes in parcels of 100,000 Convertible Notes or multiples of 100,000 Convertible Notes or, if the Noteholder holds less than 100,000 Convertible Notes the number of convertible Notes held by the Noteholder.
- (c) The Noteholder shall provide the Company with a Conversion Notice to notify the Company that the Noteholder elects to convert the Convertible Notes held by that Noteholder. The Conversion Notice may only be provided to the Company within the first five Business Days of each calendar month.
- (d) If the Noteholder has elected to convert the Convertible Notes in accordance with clause 4.1(a), the Company will proceed to issue and allot to the Noteholder that number of Shares as calculated in accordance with clause 4.2.
- (e) The issue and allotment of Shares on conversion pursuant to this clause will be and be deemed for all purposes to be in full satisfaction and discharge of the Principal Amount of

the Convertible Notes, being the amount owing to the Noteholder pursuant to the Convertible Notes.

- (f) The Shares issued and allotted upon the conversion pursuant to this clause will rank equally in all respects with all issued ordinary shares in the capital of the Company at the Conversion Date.
- (g) Where the Convertible Notes are converted the Company will make application for official quotation by the ASX of all Shares issued and allotted upon the conversion pursuant to this clause or as soon as reasonably practicable after Shares are so issued and allotted.
- (h) Where official quotation to the ASX is sought for the Shares pursuant to clause 4.1(h), the Company will, subject to being able to comply with section 708A(5) of the Corporations Act, use its best endeavours to issue a cleansing notice pursuant to section 708A(5)(e) of the Corporations Act.
- (i) Within 10 Business Days of the issue and allotment of Shares to the Noteholder upon the conversion pursuant to this clause, the Company will deliver to the Noteholder a shareholding statement in respect of the fully paid Shares so issued and allotted.

4.2 Conversion Rate

The Principal Amount of the Convertible Notes converts into Shares calculated by dividing the Principal Amount by the Conversion Price. Where the number of Shares equates to a fraction of a share the number of Shares will be rounded up to the next whole number. For the avoidance of doubt, interest on the Principal Amount will be paid in accordance with clause 2.

4.3 Conversion Date

The conversion date of the Convertible Notes means the date the Company issues Shares to the Noteholder who has elected to convert the Convertible Note.

4.4 No Other Rights of Conversion

The Convertible Notes will only be converted to Shares as set out in this clause 4.

4.5 Shares Allotted on Conversion

The Shares to be allotted on conversion under these Conditions will be shares with respect to which no provision is made (whether by the Constitution or other instrument constituting or defining the constitution of the Company or otherwise) for changing or converting them into shares of another class, except for the purpose of enabling, in accordance with any law relating to companies, the consolidation and division of all or any of the share capital of the Company or of another company or the subdivision of all or any of the shares in the capital of the Company or of another company.

4.6 Reconstruction

- (a) If there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Convertible Notes set out in clause 4.2 will be reconstructed in the same proportion as the issued capital of the Company is reconstructed, and will be in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital), nor any benefits being taken away from the Noteholder, but in all other respects the terms for conversion of the Convertible Notes will remain unchanged.
- (b) The adjustments in this clause 4.6 will be determined by the Company.

4.7 Entitlement Issue

If the Company undertakes a pro rata entitlement issue at any time during the period subsequent to the issue of the Convertible Notes and prior to the Maturity Date and the Convertible Notes has not been converted or redeemed, as the case may be, the Noteholder shall be entitled to participate in the issue by conversion of the Convertible Notes prior to such record date set by the Company. The Company shall give the Noteholder at least 10 Business Days' notice of such record date to afford the Noteholder the opportunity to convert the Convertible Notes for the purposes of participating in the issue.

5. BONUS SHARE ALLOTMENT

If a bonus share allotment is made by the Company to its ordinary shareholders, at any time during the period subsequent to the issue of the Convertible Notes to the Noteholder and prior to the Conversion Date, the Company will issue and allot to that Noteholder:

- (a) shares in the capital of the Company of the same class as the shares the subject of the bonus share allotment; and
- (b) the number of shares so issued will be equal to the number of shares in the capital of the Company to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder in respect of which a conversion of the Convertible Notes occurred pursuant to clause 4.1 immediately prior to the making of the bonus share allotment,

on terms and conditions that are the same as or correspond with or are no more favourable nor no less favourable to the Noteholder than the terms and conditions on which such shares are allotted to any ordinary shareholder of the Company.

6. FOREIGN HOLDERS

Where the Convertible Notes are held by or on behalf of a person resident outside Australia, then, but despite any other terms or conditions applicable to such Convertible Notes, it will be a condition precedent to the right of the Noteholder to receive payment of any amount payable under these Conditions or to obtain shares on conversion that the requirements of all applicable laws of the Commonwealth of Australia or any of its States or Territories and of the country of residence of the Noteholder in respect of such payment or conversion are satisfied so that such payment or conversion will not result in a breach of any such applicable law by the Company.

7. CONVERSION TO VOTING SHARES PRECLUDED

7.1 Breaches of Law

Notwithstanding any other term of these Conditions, the Noteholder is not entitled to convert (and the Company is entitled to refuse to convert) the Convertible Notes if the conversion would result in:

- (a) a person acquiring Voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision); or
- (b) a person acquiring Shares where a notification being required to be sent to, or consent is required under, any legislation by which the Company and its Related Bodies Corporate are bound.

7.2 Statutory Declaration

The Company may in its discretion require the Noteholder to provide a statutory declaration confirming that the circumstances referred to in clause 7.1 do not exist in respect of conversion by the Noteholder.

8. REGISTRATION OF TRANSFERS

8.1 Transfer

Subject to these Conditions and the Noteholder's compliance with Part 6D.2 of the Corporations Act, the Noteholder may transfer the Convertible Notes that it holds by an instrument in writing in any usual form or in any other form that the directors of the Company approve.

8.2 Transfer Form

In relation to the transfer of the Convertible Notes the transfer form must be:

- (a) lodged at the Specified Office together with payment of any stamp duty, taxes or other governmental charges payable thereon; and
- (b) accompanied by such evidence as the Company may require to prove the title and identity of the transferor and the transferee, the right of entitlement of the transferee to receive a transfer of the Convertible Notes, the due execution of the transfer form and the due compliance and observance with all applicable laws and regulations of the Commonwealth of Australia and each State and Territory thereof.

8.3 Recording Transfers

The Company will promptly upon being satisfied with the transfer form, the information lodged therewith, the identity of the transferor and the transferee and the due compliance with such reasonable regulations

as the Company may determine from time to time, accept the application contained in the transfer form by making an inscription in the Register recording the transfer of the Convertible Notes

8.4 Registration

On the inscription being made in the Register, the Company will recognise the transferee as the registered owner of the Convertible Notes and as being entitled to the repayment of the Principal Amount and the payment of all interest in respect thereof and to all other rights vested in Noteholders under these Conditions. The transferor will for all purposes be and be deemed to be the registered owner of the Convertible Notes until an inscription is made in the Register recording the transfer, the name and address of the transferee and the other matters required to be entered into the Register by the Company from time to time.

8.5 Administration

- (a) The Company will register the transfer of the Convertible Notes notwithstanding that the transfer form to which the transfer relates has not been marked by the Company.
- (b) The Company will procure that all transfer forms which are registered will be retained by the Company for a period of 7 years after receipt but any transfer form which the Company declines to register will (except in the case of fraud or suspected fraud) be returned on demand to the person depositing the same.
- (c) The Company will not register the transfer of the Convertible Notes on or after its Maturity Date.

8.6 Directions

- (a) Subject to these Conditions, and any conditions proposed by the Company at the time the Convertible Notes are issued and any notations on the Register, the Company will comply with any payment or distribution direction made by a transferee:
 - (i) in an application for transfer of the Convertible Notes on and from the time of registration of that transfer; and
 - (ii) at any subsequent time in such form as the Company will from time to time determine.
- (b) A direction from any one or more joint holders of the Convertible Notes will bind all the joint holders. If more than one direction is received from joint holders of the Convertible Notes the direction of the senior is to be accepted to the exclusion of the other directions and for this purpose seniority is determined by the order in which the names appear in the Register in respect of the joint holding.

8.7 Transmission

Subject to clause 7.1, a person becoming entitled to the Convertible Notes as a consequence of the death or bankruptcy of the Noteholder or of a vesting order or a person administering the estate of the Noteholder may, upon producing such evidence as to that entitlement or status as the Company considers sufficient, transfer the Convertible Notes or, if so entitled, become registered as the holder of the Convertible Notes.

8.8 No Registration Fee

Transfers will be inscribed in the Register without charge provided taxes or other governmental charges (if any) imposed in relation to the transfer have been paid.

8.9 Non-Registration of Third Party Interests

The Convertible Notes will be registered by name only and without reference to any trusteeships. Any entry in the Register of the name and address of the Noteholder and the amount owed to the Noteholder is conclusive evidence of title subject to rectification for fraud or error.

8.10 Person registered

The person registered as the Noteholder of the Convertible Notes will be treated by the Company as the absolute owner of the Convertible Notes. The Company will not, except as ordered by a Court or as required by statute, be obliged to take notice of any claim to the Convertible Notes. Entry in the Register of the name and address of the Noteholder and the one Convertible Notes held by the Noteholder is conclusive evidence of title subject to rectification for fraud or error.

9. DEFINED TERMS

The following words and phrases have these meanings in the Conditions unless the contrary intention appears:

"**ASX**" means ASX Limited (formerly ASX Limited) and operating as the Australian Securities Exchange;

"**Business Day**" means a day on which banks are open for general banking business in Perth, other than a Saturday or a Sunday or public holiday and which is also a Business Day for the purposes of the Listing Rules;

"**Company**" means Golden Gate Petroleum Ltd ACN 009 074 785;

"**Conditions**" means the terms and conditions applicable to the Convertible Notes;

"**Constitution**" means the Constitution of the Company;

"**Conversion Calculation Date**" means the date being the last Business Day of the month immediately preceding the month in which a Conversion Notice is received;

"**Conversion Date**" has the meaning set out in clause 4.3;

"**Conversion Price**" means \$0.265;

"**Conversion Notice**" means the notice provided by the Noteholder to the Company in accordance with clause 4.1 and which is substantially in the form of Schedule 1;

"**Convertible Note Issue**" means the issue by the Company of up to 11,400,000 Convertible Notes to professional, sophisticated or other exempt investors at a face value of AUD\$0.265 each to raise approximately AUD\$3,021,000 before expenses;

"**Convertible Notes**" means the convertible notes issued by the Company under these Conditions which are outstanding;

"**Corporations Act**" means the *Corporations Act 2001* (Cth);

"**Encumbrance**" includes any mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security agreement or arrangement of any kind given or created, in each case, by way of security;

"**Event of Default**" means each of the following events is an Event of Default:

- (a) (**unremedied default in payment**) if the Company makes default in the payment of the Redemption Amount, any interest payable on the Convertible Notes or any other moneys payable to the Noteholder under these Conditions and that default continues unremedied by the Company for a period of 21 days after demand for those moneys is made by the Noteholder;
- (b) (**unremedied material breach**) if the Company commits a material breach of a covenant, condition or obligation imposed on it by these Conditions and that breach has not been remedied within 21 days of receiving notice of the breach from the Noteholder requiring that breach to be remedied;
- (c) (**breach of law**): if the Convertible Notes cannot be converted without breaching an applicable law;
- (d) (**winding up**) if an order is made for the winding-up or dissolution of the Company or a resolution is effectively passed by the Company for the winding up or dissolution of the Company (otherwise than for the purpose of a reconstruction or amalgamation which has the prior written consent of the Noteholder);
- (e) (**insolvency**) if the Company is or becomes unable to pay its debts when they are due within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
- (f) (**receiver**) a receiver, receiver and manager, trustee, administrator, other Controller (as defined by the Corporations Act) or similar official is appointed over any of the assets or undertaking of the Company and is not removed within 10 Business Days; and
- (g) (**deregistration**) a notice under section 601AB of the Corporations Act is given to, or an application under section 601AA is made by, or in respect of the Company;

- (h) **(incorrect statement or representation)** a statement, representation or warranty made by or on behalf of the Company in connection with the Convertible Notes is untrue, incorrect or misleading in a material respect when made or repeated;
- (i) **(third party default)** the holder of any security given at any time over any assets of the Company becomes entitled to exercise any powers arising on default pursuant to that security or otherwise take action to enforce that security; or
- (j) **(Producing Asset Disposal)** disposal of 50% or more of the Company's Producing Assets. Notwithstanding the foregoing, the disposal of 50% or more of the Company's Producing Assets shall not be an event of default if the majority of Noteholders (which majority shall be determined by number and percentage of Convertible Notes on issue) consent in advance to such disposal, which consent shall not unreasonably be withheld;
- (k) **(Cessation from official list)** the Company ceases to be admitted to the official list of ASX;

"**Group**" means the Company and its subsidiaries;

"**Listing Rules**" means the official Listing Rules of ASX from time to time with any modification or waivers in their application to the Company which ASX may grant;

"**Maturity Date**" in relation to a Convertible Note means the first to occur of:

- (a) a Conversion Date; or
- (b) the second anniversary of the Nominated Date;

"**Nominated Date**" means the date the Convertible Notes are issued to the Noteholder;

"**Noteholder**" in relation to a Convertible Note means the person entered in the Register as the holder of the Convertible Note;

"**Principal Amount**" means the amount referred to in clause 1.1(a);

"**Producing Assets**" means the Group's current producing assets, being Mid Frio La Playa Well #1, La Playa ST938 Well #1 and Dunn Peach Well # 6, all being located on Padre Island, Texas, USA;

"**Redemption Amount**" of the Convertible Notes means the aggregate face value of the Convertible Notes;

"**Redemption Event**" means an event specified in clause 3.1;

"**Register**" means a register of the holders of Convertible Notes issued by the Company;

"**Related Bodies Corporate**" has the meaning given to that term in the Corporations Act;

"**Security**" means a fixed charge against the Producing Assets or such similar security as is permitted under US law against the Producing Assets;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Specified Office**" means the registered office of the Company or such other office advised by the Company to the Noteholder from time to time; and

"**Voting Share**" has the meaning given to that expression in section 9 of the Corporations Act.

Appendix B – Options Issued to Jeffrey Copley under Resolution 3

The material terms and conditions of the options are as follows:

- (i) Each option entitles the holder to subscribe for one Share in Golden Gate Petroleum Ltd (“GGP”).
- (ii) Application will not be made to ASX for Official Quotation of the options.
- (iii) The options will be issued for nil consideration and subject to clauses (iv), (v) and (xiv) are exercisable on or before 30 June 2010 (“Expiry Date”) by completing an option exercise form and delivering it to GGP’s share registry.
- (iv) If the option holder ceases to be either an employee or consultant of the Company for any reason then any unexercised options will automatically lapse on the date that is 21 days after that occurring.
- (v) Subject to paragraph (xiv), the options are only exercisable upon 12 months of continued service commencing 23 April 2007. If the option holders ceases employment prior to 23 April 2008 the options will vest pro-rata over the period of continued service.
- (vi) The option exercise price is 25 cents per Share.
- (vii) The options are not transferable, without prior approval of the Board.
- (viii) All Shares issued upon exercise of the options will rank equally in all respects with GGP then issued Shares. GGP will apply for quotation by ASX within 3 business days of all Shares issued upon exercise of the options.
- (ix) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, GGP will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (x) There will be no change to the exercise price of the options or the number of Shares over which the options are exercisable in the event of GGP making a pro rate issue of Shares or other securities to the holders of Shares in GGP (other than a Bonus Issue as defined in paragraph (xi) below).
- (xi) If there is a bonus issue (“Bonus Issue”) to the holders of Shares in GGP, the number of Shares over which the options are exercisable will be increased by the number of Shares which the holder would have received if the options had been exercised before the record date for the Bonus Issue (“Bonus Shares”). The Bonus Shares must be paid up by GGP out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of the class on issue as at the date of issue of the Bonus Shares.
- (xii) In the event of a reconstruction (including consolidation, subdivision, return, reduction or pro rata cancellation) of the issued capital of GGP prior to the Expiry Date, the number of options to which each holder is entitled or the exercise price of the options or both shall be reconstructed (as appropriate) in accordance with the requirements of the ASX Listing Rules which apply at that time.
- (xiii) The Company will at least 20 Business Day before the Expiry Date of the options send notices to the option holders stating the name of the option holder, the number of options held and the number of Shares to be issued on exercise of the options, the exercise price, the due date for payment and the consequences of non-payment.

(xiv) Notwithstanding paragraph (v), all options fully vest and may be exercised by the option holder:

- a. during a Bid Period; or
- b. a scheme of arrangement or merger of the Company; or
- c. at any time after a Change of Control Event has occurred; or
- d. on an application under section 411 of the Corporations Act 2001, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of section 411.

For the purposes of this clause:

Bid Period means in relation to a takeover bid in respect of shares in GGP, the period referred to in the definition of that expression in section 9 of the Corporations Act 2001 provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on GGP in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement; and

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in GGP to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board.

GOLDEN GATE PETROLEUM LIMITED

ABN 34 090 074 785

PROXY FORM

Shareholder's Name and Address

Please write your name(s) above

Please write your address above

Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairman see fit) at the Annual General Meeting of the Company to be held at Level 1, 566 Elizabeth Street, Melbourne Victoria on 10 July 2007, at 2.30 pm (Eastern Standard Time) (and at any adjournment thereof).

or the Chairman of the meeting

Name and address of person you are appointing as your first proxy (if not the meeting Chairman) and/or failing him

Appointing a Second Proxy

Name and address of person you are appointing as your second proxy (if not the meeting Chairman)

Proxy 1 is appointed to represent% of my voting right, or if 2 proxies are appointed, Proxy 1 represents% and Proxy 2 represents% of my total votes. My total voting right is shares. **Note:** *If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.*

	Ordinary Business	For	Against	Abstain*
1	Ratifying the issue of 14,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Ratifying the issue of 11,320,754 Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval for the issue of options to Jeffrey Copley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval for issue of ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that the votes cast by the chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Contact Email address

Contact Telephone Number

Signature(s)

Shareholder 1

Director

Shareholder 2

Director/Secretary

Shareholder 3

Sole Director and Secretary

Proxies may be lodged either by facsimile on (08) 9324 2171, by mail to PO Box 453, West Perth, 6872, Western Australia or delivery to the registered office of the Company at Ground Floor, 8 Colin Street, West Perth, Western Australia. To be valid, a proxy form must be received by the Company no later than 48 hours before the time appointed for the General Meeting. For assistance in completing this form, please refer to the rear of this form.

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

Shareholders Name

This is the name of the shareholder as it appears on the Company's share register. For the purposes of this Annual General Meeting, shares will be taken to be held by those persons who are the registered holders thereof 48 hours before the time appointed for the commencement of this Annual General Meeting.

Appointment of Proxy

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Annual General Meeting. The proxy has the same right as the shareholder to speak and vote at the Annual General Meeting. If you leave this section blank, the Chairman of the meeting will be your proxy to vote your shares even if you attend the Annual General Meeting (unless you revoke your proxy before the meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

Appointing a Second Proxy

If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.

Contact Telephone

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer(s) can sign on behalf of a Company. Please sign in the boxes provided which state the office held by the signatory.

Delivery of Proxy

To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting, that is by 2.30pm (Eastern Standard Time) on the **8 July 2007**, by post or facsimile to the respective addresses stipulated in this proxy form.

Chairman's Voting Intentions

The Chairman intends to vote in favour of the resolutions set out in the Notice.