

GOLDEN GATE PETROLEUM LTD

(ABN 34 090 074 785)

NOTICE OF ANNUAL GENERAL MEETING

AND

PROXY FORM

Date of Meeting

23 November 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual 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 23 November 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 Annual General Meeting.

ORDINARY BUSINESS

2007 ACCOUNTS

To receive, consider and adopt the financial report of the Company for the year ended 30 June 2007, and the reports by the Directors and Independent Auditors.

RESOLUTION 1 - RE-ELECTION OF SAM RUSSOTTI AS A DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for all purposes, Mr Sam Russotti who retires and offers himself for re-election, is re-elected as a director."

RESOLUTION 2 – RE-ELECTION OF JEFFREY COPLEY AS A DIRECTOR

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

"That, for all purposes, Mr Jeff Copley who retires and offers himself for re-election, is re-elected as a director."

RESOLUTION 3 - ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution in accordance with section 250R(2) of the Corporations Act:

"That the Remuneration Report in the 2007 Annual Report of the Company be adopted."

SPECIAL BUSINESS

RESOLUTION 4 - RATIFYING THE ISSUE OF 15,613,000 SHARES AND 11,870,997 OPTIONS

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

"That pursuant to Listing Rule 7.4 of the Listing Rules of the Australian Securities Exchange, the Company approves and ratifies the allotment and issue of 15,613,000 Shares in the capital of the Company at a price of 25 cents per Share and 11,870,997 free attaching options 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.

Voting Exclusion - For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by a person who participated in the issue and any associate of such a person. However, the Company need not disregard a vote 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 proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 - RATIFICATION OF THE ISSUE OF OPTIONS TO EXECUTIVES

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

"That pursuant to Listing Rule 7.4 of the Listing Rules of the Australian Securities Exchange, the Company approves and ratifies the grant of 1,650,000 unlisted options to executive consultants as set out in the Explanatory Memorandum exercisable at 35 cents expiring on or before 30 October 2010 and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

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 - For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this Resolution by any person who has participated in the issue of options and any person associated with those persons. However, the Company need not disregard a vote if 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 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.

RESOLUTION 6 – ISSUE OF OPTIONS TO FRANK PETRUZZELLI

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

"That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange, Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue of 2,000,000 unlisted options to Mr Frank Petruzzelli (or his nominee), in each case exercisable at 35 cents expiring on or before 30 October 2010 and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

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 Petruzzelli as a Director is a related party of the Company.

Voting Exclusion - For the purposes of ASX Listing Rule 10.13 and section 224 of the Corporations Act, Frank Petruzzelli and any person associated with Mr Petruzzelli must not cast a vote on this Resolution. Mr Petruzzelli and any person associated with him may however, cast a vote if:

- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of Mr Petruzzelli and any person associated with them.

RESOLUTION 7 – ISSUE OF OPTIONS TO SAM RUSSOTTI

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

“That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange, Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue of 4,000,000 unlisted options to Mr Sam Russotti (or his nominee), in each case exercisable at 35 cents expiring on or before 30 October 2010 and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

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 Russotti as a Director is a related party of the Company.

Voting Exclusion - For the purposes of ASX Listing Rule 10.13 and section 224 of the Corporations Act, Sam Russotti and any person associated with Mr Russotti must not cast a vote on this Resolution. Mr Russotti and any person associated with him may however, cast a vote if:

- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution;
and
- (b) it is not cast on behalf of Mr Russotti and any person associated with them.

RESOLUTION 8 – ISSUE OF OPTIONS TO MARK FREEMAN

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

“That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange, Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue of 2,000,000 unlisted options to Mr Mark Freeman (or his nominee), in each case exercisable at 35 cents expiring on or before 30 October 2010 and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

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 Freeman as a Director is a related party of the Company.

Voting Exclusion - For the purposes of ASX Listing Rule 10.13 and section 224 of the Corporations Act, Mark Freeman and any person associated with Mr Freeman must not cast a vote on this Resolution. Mr Freeman and any person associated with him may however, cast a vote if:

- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution;
and
- (b) it is not cast on behalf of Mr Freeman and any person associated with them.

RESOLUTION 9 – ISSUE OF OPTIONS TO JEFFREY COPLEY

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

“That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange, Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue of 2,000,000 unlisted options to Mr Jeffrey Copley (or his nominee), in each case exercisable at 35 cents expiring on or before 30 October 2010 and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

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 - For the purposes of ASX Listing Rule 10.13 and section 224 of the Corporations Act, Jeffrey Copley and any person associated with Mr Copley must not cast a vote on this Resolution. Mr Copley and any person associated with him may however, cast a vote if:

- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution;
and
- (b) it is not cast on behalf of Mr Copley and any person associated with them.

By order of the Board



Mr Mark Freeman
Director & Company Secretary
Dated: 17 October 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.

VOTING ENTITLEMENT - For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 2:30 pm on the ## November 2007. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

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 of Annual General Meeting of the Company.

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

RESOLUTIONS 1 AND 2 - ELECTION OF DIRECTORS

Resolution 1 and 2 relate to the election of directors. In accordance with ASX Listing Rule 14.4 and the Company's Constitution, Mr Russotti will retire by rotation at the Annual General Meeting and being eligible offer himself for re-election. Mr Copley was appointed as a director since the last AGM and in accordance with the clause 69.2 of the Company's Constitution, he retires and offers himself for re-election. A summary of Mr Russotti and Mr Copley's qualifications and experience is provided below:

Sam Russotti (Executive Chairman)

Mr Russotti is a geologist with more than 30 years experience in the petroleum industry. He has been executive director of the Company since May 2001, after ten years as general manager and finance manager of Cultus Petroleum. Previously, he was planning manager for Peko Oil Ltd from 1987-90.

Jeffrey Copley (Executive Director)

Mr Copley was appointed as the Company's Technical Director on 23 April 2007. Mr Copley has over 30 years experience in onshore and offshore international oil and gas exploration and development with an emphasis on new project generation. Mr Copley has a Masters of Science in Geophysics from the Colorado School of Mines.

Mr Copley has a strong geological and technical background. His main focus is on operational management and business development.

RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is in the Directors Report section of the Company's Annual Report. By way of summary, the Remuneration Report:

- a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2007.

The Directors recommend that Shareholders vote in favour of Resolution 3. Sections 249L(2) and 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

RESOLUTION 4 – RATIFYING THE ISSUE OF 15,613,000 SHARES AND 11,870,997 OPTIONS

The Company previously announced on 3 August 2007 the placement of 35,613,000 Shares at an issue price of 25 cents and 11,870,997 free attaching options to various equity holders to raise \$8.9 million. The options are exercisable at 35 cents on or before 31 July 2007. The Company received approval from shareholders on 10 July 2010 to issue up to 20 million shares which forms part of the above

placement. Accordingly, the Company is seeking approval for ratification for 15,613,000 shares and 11,870,997 options only.

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 Ordinary Shares allotted was 15,613,000.
- (b) The number of Options allotted was 11,870,997.
- (c) The Options are exercisable at 35 cents each.
- (d) The Options following conversion to Shares will be fully paid ordinary shares in the Company and rank equally with the Company's existing issued Shares. The terms and conditions of the options granted are set out in Appendix A to this Explanatory Memorandum.
- (e) The allottees of the Shares and Options 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.
- (f) The funds raised from the issue will be used to fund working capital for drilling programs on Padre Island and newly acquired projects both in East Texas and Louisiana.

The Board recommends Shareholders vote in favour of this resolution as it allows the Company to ratify the above issue of securities 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 5 – RATIFICATION OF THE ISSUE OF OPTIONS TO EXECUTIVES

On 10 August 2007 the Board issued 1,650,000 incentive options in accordance with services agreements.

The options are exercisable at 35 cents on or before 30 October 2010 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.

Approvals Required

Under this resolution, the Company seeks from Shareholders approval for, and ratification of, the issues of securities set out below so as to limit the restrictive effect of ASX Listing Rule 7.1 on any further issues of securities in the next 12 months.

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

- 1. The total number of options granted was 1,650,000;
- 2. The options were granted for nil consideration as part remuneration pursuant to services agreements. The services provided by the allottees were services provided to the Company as employees and consultants to the Company;
- 3. The terms and conditions of the options granted are set out in Appendix B to this Explanatory Memorandum;

4. The allottees:

Name	Number
Jerry Nichols	500,000
Felix Benavides	200,000
Casimiro Salinas	200,000
Bruce Veralli	200,000
Don Boyd	200,000
Shirley Rooney	100,000
Lamar Hinojosa	100,000
Elizabeth Jackson	100,000
Kate Stewart	50,000
Total	1,650,000

5. No funds were raised by the grant of options.

The Board believes that the ratification of this issue is beneficial for the Company.

The Board recommends Shareholders vote in favour of this resolution as it allows the Company to ratify the above grant of options 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 6, 7, 8 AND 9 - ISSUE OF OPTIONS TO DIRECTORS

As announced to ASX on 10 August 2007, subject to obtaining shareholder approval, the Board has resolved to issue Mr Sam Russotti 4,000,000 options, Mr Frank Petruzzelli 2,000,000 options, Mr Mark Freeman 2,000,000 options and Mr Jeffrey Copley 2,000,000 exercisable at 35 cents on or before 30 October 2010 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. These Resolutions seek shareholder approval for the issue of these options.

The options proposed to be issued to Messrs Russotti and Copley by resolutions 7 and 9 will only be issued if they are respectively re-elected as directors pursuant to resolutions 1 and 2.

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied in relation to these Resolutions. 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 securities (including an option) to a related party of the Company. If these resolutions are passed, securities will be issued to Messrs Petruzzelli, Russotti, Freeman and Copley (or their nominees), who are related parties of the Company by virtue of their being Directors or proposed Directors of the Company.

Accordingly, approval for the issue of securities to Messrs Petruzzelli, Russotti, Freeman and Copley is required pursuant to ASX Listing Rule 10.11. ASX Listing Rule 7.2 indicates that approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the options to Messrs Petruzzelli, Russotti, Freeman and Copley as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of securities to Messrs Petruzzelli, Russotti, Freeman and 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 these resolutions:

- (a) the number of options to be granted by the Company is 4,000,000 to Mr Russotti and 2,000,000 to Mr Petruzzelli, 2,000,000 to Mr Freeman and 2,000,000 to Mr Copley (or their nominees);
- (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 Messrs Petruzzelli, Russotti, Freeman and 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 proposed 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, Messrs Petruzzelli, Russotti, Freeman and Copley are related parties of the Company due to the fact that they are directors or proposed directors of the Company.

In the current circumstances, the issue of the options to Messrs Petruzzelli, Russotti, Freeman and Copley constitutes a "financial benefit" as defined in the Corporations Act. Further, Messrs Petruzzelli, Russotti, Freeman and Copley are a related party of the Company as defined under the Corporations Act. Accordingly, the proposed issue of options to Messrs Petruzzelli, Russotti, Freeman and Copley (or their nominees) 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 Messrs Petruzzelli, Russotti, Freeman and Copley:

- (a) The related parties to whom the financial benefit will be given are the directors (or proposed directors) of the Company, Messrs Petruzzelli, Russotti, Freeman and Copley (or their nominees).
- (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 4,000,000 to Mr Russotti, 2,000,000 to Mr Petruzzelli, 2,000,000 to Mr Freeman and 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 them in light of their respective skill and experience and when considered together with their salary and other remuneration detailed below.
- (c) The issue of options to Messrs Petruzzelli, Russotti, Freeman and Copley preserves the cash resources of the Company during its project development phase, and at the same time provides an added incentive to those Directors to create shareholder wealth. The incentive represented to the Directors 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 of the Directors were available to consider the proposed resolutions but declined to make a recommendation in relation to the resolutions due to the fact that they have a material personal interest in their outcome as each of them are proposed recipients of options.

- (d) If shareholders approve the issue of options to Messrs Petruzzelli, Russotti, Freeman and Copley, and all of the options are exercised, the effect will be to dilute the shareholding of existing shareholders by approximately 4.4% (assuming no other options are exercised, no convertible notes are converted and no more Shares are issued). 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 all of the options will also increase the cash reserves of the Company by \$3,500,000.

- (e) The market price for Shares during the term of the options would normally determine whether or not Messrs Petruzzelli, Russotti, Freeman and Copley exercise the 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 an opportunity cost to the Company as it may have been able to issue less Shares at a higher price than the exercise price of the options to raise the same amount of funds.

- (f) In the 12 months before the date this notice was lodged with ASIC, the highest, lowest and last trading price of Shares on ASX are as set out below:

	Date	Price (cents)
Highest	30 Nov 2006	56
Lowest	17 April 2007	17
Last	3 October 2007	42.5

- (g) The existing holdings of Messrs Russotti, Petruzzelli, Freeman and Copley in the Company are as follows:

	Ordinary Shares	Options over Ordinary Shares		
		Un-Listed	Expiry	Exercise price (\$)
Sam Russotti	*171,782	400,000	1/12/08	0.33
		3,000,000	1/12/08	0.22
		1,000,000	31/12/09	0.54
Frank Petruzzelli	531,520	300,000	1/12/08	0.33
		500,000	1/12/08	0.22
		500,000	31/12/09	0.54
Mark Freeman	131,731	200,000	19/08/08	0.33
		750,000	31/12/09	0.54
Jeffrey Copley	-	2,000,000	30/06/10	0.25

* 100,582 of these shares are held by Mr Russotti on behalf of other people and are not beneficially owned by Mr Russotti.

- (h) The value of the options to be granted to Messrs Russotti, Petruzzelli, Freeman and 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 12.17 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
Frank Petruzzelli	\$60,000	\$243,400	\$303,400
Sam Russotti	\$323,592	\$486,800	\$810,392
Mark Freeman	\$188,000	\$243,400	\$431,400
Jeffrey Copley	\$247,058	\$243,400	\$490,459

- (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 these resolutions. 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 these resolutions.

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:

1. Options expire 30 October 2010 and are exercisable at 35 cents;
2. the date of valuation is the closing price on 1 October 2007, being 40 cents per share;
3. the closing price on the date the options were negotiated was 31.5 cents per share on 10 August 2007;
4. The current Risk free interest rate (Treasury Bond Rate) of 6.25%;
5. Volatility factor of 50%.
6. A discount of 25% has been applied as the options will not be listed. Anecdotal evidence suggests a discount of between 20% and 50% is common; and
7. Based on the above assumptions the value of the Options are 12.17 cents each.

Potential Effect on Capital Structure

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

Event	Shares	Options	Convertible Notes
Current	217,717,710	23,470,997	11,320,754
Post Issue of options to Directors	217,717,710	33,470,997	11,320,754

The terms of the existing options and convertible notes are summarised below:

Number of Options/ Convertible Notes		Exercise Price	Expiry Date
200,000	Unlisted Options	\$0.33	19-Aug-08
1,000,000	Unlisted Options	\$0.33	1-Dec-08
3,500,000	Unlisted Options	\$0.22	1-Dec-08
2,000,000	Unlisted Options	\$0.25	30-Jun-10
1,650,000	Unlisted Options	\$0.35	30-Jun-10
3,250,000	Unlisted Options	\$0.54	31-Dec-10
11,320,754	Convertible Notes	\$0.265	15-May-09
11,870,997	Unlisted Options	\$0.35	31-Jul-08
<u>34,791,751</u>			

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;

"**Board**" means the board of directors of the Company;

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

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

"**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 - Option Terms

The terms and conditions of the options referred to in resolution 4 are as follows:

- (i) Each option entitles the holder to subscribe for one Share in the Company.
- (ii) Application will not be made for official quotation of the options on the ASX.
- (iii) The options are exercisable at 5pm (Australian WST) on or before 31 July 2008 ("**Expiry Date**") by completing an option exercise form and delivering it to the Company's registered office with the exercise monies.
- (iv) The option exercise price is AUD\$0.35 per option.
- (v) The options are not transferable, without prior approval of the Board.
- (vi) All Shares issued upon exercise of the options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of the Shares on the ASX within 3 business days of the Shares being issued upon exercise of the options.
- (vii) 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, the Company 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.
- (viii) 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 the Company making a pro rate issue of Shares or other securities to the holders of Shares in the Company (other than a Bonus Issue as defined in paragraph (ix) below).
- (ix) If there is a bonus issue ("**Bonus Issue**") to the holders of Shares in the Company, 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 (if at all) by the Company 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.
- (x) In the event of a reconstruction (including consolidation, subdivision, return, reduction or pro rata cancellation) of the issued capital of the Company 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 Listing Rules which apply at that time.
- (xi) The Company will at least 20 business days 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.

Appendix B - Option Terms

The material terms and conditions of the options referred to in resolutions 5-9 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 October 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 1 July 2007. If the option holders ceases employment prior to 1 July 2008 the options will vest pro-rata over the period of continued service.
- (vi) The option exercise price is 35 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 LTD
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 23 November, 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 Re-election of Sam Russotti as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Jeffrey Copley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratifying the issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratifying the issue of Executive Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Options to Mr Petruzzelli	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Options to Mr Russotti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Options to Mr Freeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Issue of Options to Mr Copley	<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 a resolution 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 any resolution in which the Chair has an interest in the outcome and your votes will not be counted in calculating the required majority if a poll is called on such 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 Annual 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 2.30 pm on the **21 November 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.