



GOLDEN GATE PETROLEUM LTD

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19 January 2011

Market Release (*via electronic lodgement*)

ENTITLEMENT PROSPECTUS

The Board of Golden Gate Petroleum Ltd wish to announce that the fully underwritten Entitlement issue as announced on 22 October 2010 has been amended from a 1 new share for every three and half shares held (1:3.5) with a free attaching option for every new share to a 1 new share for every five shares held (1:5) with a free attaching option for every new share.

The Permian Project is an exciting project in the middle of major oil company developments of non-conventional North American oil plays along the Permian trend. The approximate 8,800 acres of Permian development being acquired provides GGP a tremendous opportunity in this very topical development which few have similar opportunities and is considered more attractive than other non-conventional plays like the Eagleford in Texas.

As a result of the Company's improved financial position and cash flow along with a review of forward commitments the Company will now issue only 216,031,991 new shares (and 216,031,991 free attaching options) and raise \$2,592,384. Previously the Company was anticipating to issue 304,902,845 new shares (and 304,902,845 free attaching options) to raise \$3,658,834.

A copy of the Entitlement Issue Prospectus is attached to this notice.

For further information contact:

Chris Ritchie
Financial Controller
Phone +61 3 9349 1488
investor.relations@ggpl.com.au

About Golden Gate: Golden Gate is an independent oil and gas exploration and production company listed on the Australian Securities Exchange. Its focus of operations is onshore Texas and Louisiana Gulf Coast region of the USA.

GOLDEN GATE PETROLEUM LIMITED

ABN 34 090 074 785

ENTITLEMENT ISSUE PROSPECTUS

For a fully underwritten pro-rata non-renounceable entitlement issue of one (1) New Share for every five (5) Shares held by Shareholders on the Record Date for the issue of up to 216,031,991 New Shares at an issue price of \$0.012 per New Share together with a free attaching New Option for every New Share issued, each exercisable at 8 cents on or before 31 August 2012, to raise approximately \$2,592,384 (**Entitlement Issue**) before costs.

UNDERWRITING

This Entitlement Issue is fully underwritten by Novus Capital Limited ACN 006 711 995.

The Entitlement Issue closes at 5.00pm WST on Thursday 17 February 2011.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

An investment in the Securities offered by this Prospectus should be considered speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES

Announcement of Entitlement Issue	Wednesday 19 January 2011
Lodgement of Prospectus with ASIC	Wednesday 19 January 2011
Notice sent to Shareholders	Thursday 20 January 2011
Ex Date	Friday 21 January 2011
Record Date for determining Shareholder Entitlements	Friday 28 January 2011
Opening Date and despatch of Prospectus to Eligible Shareholders	Thursday 3 February 2011
Closing Date	Thursday 17 February 2011
Securities quoted on a deferred settlement basis	Friday 18 February 2011
Notification to ASX of under-subscriptions	Tuesday 22 February 2011
Despatch date/New Shares and New Options entered into Shareholders' security holdings	Friday 25 February 2011

* These dates are indicative only and are based upon the current expectations of the Directors and may be changed without prior notice and subject to compliance with the Listing Rules.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors before deciding whether to accept their Entitlement.

This Prospectus is dated 19 January 2011 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 19 February 2012, being 13 months after the date of this Prospectus (**Expiry Date**). No New Shares or New Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek professional advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

The New Shares and New Options being offered under this Prospectus are also being offered to eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2001 (New Zealand). This Prospectus is not an investment statement or Prospectus under the New Zealand law, and may not contain all the information that an investment statement or Prospectus under New Zealand law is required to contain.

No action has been taken to register or qualify the Offer, the Entitlements or the New Shares and New Options, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

No person is authorised to give information or to make any representation in connection with the Entitlement Issue described in this Prospectus. Any information or representation which is not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the issue of this Prospectus.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance and Application for Additional Securities Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

KEY RISKS

The following table sets out a summary of the key risks associated with investing in the Company. This list of risks is not exhaustive. Full details of the risks tabled below are set out in Section 6 of this Prospectus.

Risk Area	Risks	Further Details
Risks associated with the Blowout of the Dugas & Leblanc # 1 Well at the Napoleonville Salt Dome Project.	<p>Since 12 August 2010, the Company has made a series of important announcements to the ASX in relation to efforts to control the blowout of the Dugas & Leblanc #1 Well at its Napoleonville Project in Louisiana, United States, and the subsequent effects on the Company.</p> <p>Investors are urged to read these announcements to understand the implications of the events which have occurred and to make a decision on the merits of this Offer.</p> <p>As at the date of this Prospectus it is the Company's best estimate that the Operator's and / or the Company's insurance will be adequate to cover the costs associated with the blowout of the #1 Well.</p> <p>A class action has also been filed in the U.S. against the Operator of the #1 Well in both the Federal and State Court for damages by certain residents of the Napoleonville area.</p> <p>If the insurance does not substantially cover the costs of the #1 Well operations, the costs associated with the environmental clean-up, and/or current or future class actions result in an adverse finding against the Company, this would have a material adverse effect on the Company and could result in your investment</p>	Section 6.1

Risk Area	Risks	Further Details
	being of little or no value.	
Obtaining Future Funding	If the Company is unable to use debt or equity to fund expansion or meet its repayment obligations after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital for that purpose, or other purposes, or that it will be able to obtain additional capital on terms acceptable to the Company or at all.	Section 6.2
Exploration Success	There can be no assurance that the Company's exploration activities will result in the discovery of an economic hydrocarbon resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.	Section 6.3
Operating Risks	The occurrence of industrial or environmental accidents could result in substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or environmental damage, clean-up responsibilities, regulatory investigation and penalties or suspension of operations.	Section 6.4
Government Actions	The impact of actions by governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.	Section 6.9
General Economic Conditions	Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company.	Section 6.10

Full details of these risks and other risks are set out in Section 6 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 6 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the New Shares and New Options. Accordingly, an investment in the Company should be considered highly speculative.

2. CORPORATE DIRECTORY

Directors

Sam Russotti – Non-Executive Chairman*
Steve Graves – Managing Director
Frank Petruzzelli – Non-Executive Director
Frank Brophy – Non-Executive Director

Company Secretary

Chris Bowyer

Registered Office

566 Elizabeth Street
Melbourne Vic 3000

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Principal Office

Golden Gate Petroleum Ltd
566 Elizabeth Street
Melbourne Vic 3000

Share Registry**

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

Telephone: (08) 9389 8033

Solicitors

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

Auditor

Up until 12 Nov 2010

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

After 12 Nov 2010

BDO Audit (NSW – Vic) Pty Ltd**
Level 30, 525 Collins Street
Melbourne Vic 3000

* Until 31 January 2011 as announced by the Company on 17 January 2011.

**These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. DETAILS OF THE OFFER

3.1 Entitlement Issue

By this Prospectus, the Company invites Shareholders to participate in a pro-rata non-renounceable entitlement issue of approximately 216,031,991 New Shares on the basis of one (1) New Share for every five (5) Shares held on the Record Date at an issue price of \$0.012 per New Share together with one free attaching New Option for every New Share issued. The New Options are exercisable at 8 cents and expire on 31 August 2012. The full terms of the New Options are set out in Section 5.1. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of New Shares and New Options to be issued pursuant to the Entitlement Issue is approximately 216,031,991. The Entitlement Issue will raise approximately \$2,592,384 (less expenses of the Entitlement Issue). The purpose of the Entitlement Issue and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Entitlement Issue, (other than their entitlement from holding Shares). The Company currently has 325,904,404 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Entitlement Issue. Accordingly, in the event that all these Options are exercised prior to the Record Date, this Prospectus will also offer to those Shareholders a further 65,180,881 New Shares and 65,180,881 New Options to raise up to a further \$782,171 (which excludes the cash raised as a result of the Options being exercised).

3.2 Opening and Closing Dates

The Entitlement Issue will open for receipt of acceptances at 9.00am WST on Thursday 3 February 2011 and will close at 5.00pm WST on Thursday 17 February 2011, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

3.3 How to Accept the Entitlement Issue

Your acceptance of the Entitlement Issue must be made on the "Entitlement and Acceptance and Application for Additional Securities Form" accompanying this Prospectus. Shareholders may apply for additional New Shares (and free attaching New Options) in excess of their Entitlement by participating in any Shortfall. Further details regarding the Shortfall are set out in section 3.5 below.

You may participate in the Entitlement Issue as follows:

- (a) if you wish to accept your Entitlement **in full**:
 - (i) complete the Entitlement and Acceptance and Application for Additional Securities Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the appropriate application monies (at \$0.012 per New Share); or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance and Application for Additional Securities Form; and
 - (ii) attach your cheque for the appropriate application monies (at \$0.012 per New Share); or

- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you wish to take up more than your Entitlement under the Entitlement Issue, you may apply to participate in any Shortfall that may arise under the Entitlement Issue. To apply for Shortfall Securities you should complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form in the section marked "Additional Number of New Shares and New Options Applied for". Subject to the terms of any sub-underwriting agreements, the Underwriter has the right to nominate and determine who is to receive the Shortfall Securities in its discretion, subject to such person or persons not being a related party of the Company (as defined in section 228 of the Corporations Act). The Underwriter does not guarantee that any Shortfall Securities will be placed with Shareholders. See Section 3.5 for more information about the Shortfall.

Any Shortfall from acceptances of Entitlements will be dealt with in accordance with section 3.5 below.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Golden Gate Petroleum Limited – Trust Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance and Application for Additional Securities Form and cheque must reach the Company's share registry no later than **5.00pm WST on the Closing Date**. The details of the Company's share registry are as follows:

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

3.4 No Rights Trading

The Entitlement Issue is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or any part of their Entitlement.

3.5 Shortfall under Entitlement Issue

To the extent that Shareholders do not take up their Entitlement in full, the resultant Shortfall will be allocated by the Underwriter in accordance with the provisions of the Underwriting Agreement. Subject to the terms of any sub-underwriting agreements, the Underwriter has the right to nominate and determine who is to receive the Shortfall Securities, subject to such person or persons not being a related party of the Company (as defined in section 228 of the Corporations Act). The Underwriter does not guarantee that any Shortfall Securities will be placed with Shareholders.

If you wish to participate in any Shortfall that may arise under the Entitlement Issue you should complete the section titled "Additional Number of New Shares Applied For" in the Entitlement and Acceptance and Application for Additional Securities Form ("**Shortfall Application**").

Eligible Shareholders who apply for and are successful in receiving an allocation of Shortfall Securities from the Underwriter will receive their Shortfall Securities separately to the New Shares which comprise their Entitlements under the Entitlement Issue. Eligible Shareholders who take up their Entitlements will be allotted their New Shares and New Options on 25 February 2011 while any Shortfall Securities will be allotted and issued separately and after that date but no later than 17 May 2011.

The Directors may not themselves participate in any Shortfall.

3.6 Underwriting

The Company has entered into an Underwriting Agreement with Novus Capital Limited ("**Novus**") to underwrite the Entitlement Issue up to \$2,592,384 (216,031,991 New Shares), for which Novus will receive an underwriting fee of 6%. The details of the Underwriting Agreement are set out in Section 7.2 of this Prospectus.

3.7 Withdrawal of Entitlement Issue

The Company reserves the right not to proceed with the Entitlement Issue at any time before the issue of the New Shares and New Options to Eligible Shareholders. If the Entitlement Issue does not proceed, the Company will return all application monies as soon as practicable after giving notice of its withdrawal, without interest.

3.8 Australian Securities Exchange Listing

Application for official quotation on ASX of the New Shares and New Options offered pursuant to this Prospectus will be made by the Company within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of this Prospectus, the Company will not issue any Shares or Options and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the New Shares and New Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company or the New Shares or New Options now offered for subscription.

3.9 Allotment of New Shares and New Options

New Shares and New Options issued pursuant to the Entitlement Issue will be allotted as soon as practicable after the Closing Date outlined in Section 1, and is expected to occur by 25 February 2011.

Where the number of New Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the New Shares and New Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account opened and maintained for that purposes only as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the application monies held in the bank account irrespective of whether allotment of the New Shares and New Options takes place and each Applicant waives the right to claim interest.

3.10 New Zealand Shareholders

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares or New Options.

If you are uncertain about whether this investment is appropriate for you as a New Zealand resident, you should seek the advice of an appropriately qualified financial adviser.

3.11 Shareholders outside Australia and New Zealand

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders outside of Australia and New Zealand ("**Ineligible Shareholders**") having regard to:

- (a) the cost of complying with legal and regulatory requirements outside Australia and New Zealand;
- (b) the number of Ineligible Shareholders; and
- (c) the number and value of Shares which could be offered to Ineligible Shareholders.

Accordingly, this Prospectus and accompanying Entitlement and Acceptance and Application for Additional Securities Form do not, and are not intended to, constitute an offer of securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

No action has been taken to register or qualify the Entitlements, New Shares or New Options, or to otherwise permit an offering of the Entitlements, New Shares or New Options, outside of Australia and New Zealand. The Entitlements, New Shares or New Options may not be offered in a jurisdiction outside Australia and New Zealand where such offer is not made in accordance with the laws of that place.

The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

3.12 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for New Shares and New Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the New Shares and New Options offered pursuant to this Prospectus.

3.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. As the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares and New Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.14 Risk factors

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 6 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to accept their Entitlement.

The risk factors set out in Section 6, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the New Shares and/or the New Options. Accordingly, an investment in the Company should be considered speculative.

3.15 Privacy Act

If you complete an application for your Entitlement, you will be providing personal information to the Company (directly or through the Company's share registry). By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including ASIC, ASX and the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for your Entitlement, the Company may not be able to accept or process your application.

4. PURPOSE OF THE OFFER

4.1 Purpose of the Offer

On 22 October 2010, the Company announced that it was acquiring 100% of the leases held by Arturus Capital Ltd (ASX:AKW) in the prolific hydrocarbon producing area of the Permian Basin in Reagan and Irion Counties, Texas. The leased acreage covers 8,806 gross acres. In addition, the Company continues to work on acquiring additional acreage in the same area from private third parties to compliment the lease position being acquired from AKW. The Company is undertaking capital raisings up to a total of \$3.69 million, with the proceeds of the raisings to facilitate the acquisition and appraisal program of the leasehold position ("**Capital Raisings**").

The Capital Raisings are being undertaken in two tranches:

1. A placement of 91,333,332 Shares at an issue price of \$0.012 cents per Share and 91,333,332 free attaching listed Options (ASX:GGPO) with an exercise price of \$0.08 cents and an expiry date of 31 August 2012 to raise approximately \$1,100,000 ("**Placement**"), with Novus Capital Ltd to act as underwriter and manager of the placement; and
2. The Entitlement Issue which, assuming no existing Options are exercised prior to the Record Date and the Entitlement Issue is fully subscribed, will raise approximately \$2,592,384 before expenses.

The funds raised by the Entitlements Issue will be used for the following purposes:

a) Funding the Company's leasing, exploration and development activities, including:

- Acquiring the four leases held by AKW in the Permian Basin;
- Continued leasing within the areas of specific interest;
- Management and supervision of ongoing geologic and engineering studies for the development of the newly acquired leaseholds;
- Permitting, maintenance and regulatory compliance activities;
- Well planning and placement of sub-surface well locations; and
- Preparation and maintenance of existing access routes and locations.

b) Engineering services comprising:

- Well design and plans for multi well drilling program;
- Study, design and documentation of proposed reservoir fracture stimulation programs;
- Preparation of budgets, authority for expenditure, rig tender and contracting;
- Procurement of the required equipment, materials and personnel;
- Preparation and lodging of sundry notices and filing of documentation to the appropriate authorities; and
- Implementation of safety and environmental requirements; and

c) Funding the expenses of the Offer

4.2 Use of Funds

The funds raised under the Entitlement Issue (up to \$2,592,384) will be applied as follows:

Funds Raised	\$
Acquisition of Permian Basin Leases	1,500,000
Exploration & Development Expenditure	560,000
Engineering Services	254,083
Expenses of the Offer ¹	278,301
Total	2,592,384

Notes to the Use of Funds

1. Refer to Section 7.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

Any additional funds raised from the participation of Shareholders in the Entitlement Issue as a result of the exercise of their Options currently on issue will be applied towards the Company's working capital requirements.

If for any reason the acquisition of the Permian Basin Leases from Arturus Capital Limited does not complete, the Company will apply the funds set aside for that acquisition (being \$2,314,083) towards identification, analysis and completion of alternative investments by the Company, and towards working capital requirements. As at the date of this Prospectus, the Board has no reason to believe that the acquisition will not complete as anticipated.

4.3 Principal Effects of the Offer

The principal effects of the Entitlement Issue will be to:

- (a) increase the cash reserves by approximately \$2,314,083 immediately after completion of the Entitlement Issue, after deducting the estimated expenses of \$278,301;
- (b) increase the total number of Shares on issue from 1,080,159,955 to approximately 1,296,191,946 Shares following completion of the Entitlement Issue (assuming no Options currently on issue are exercised); and
- (c) increase the total number of Options on issue from 325,904,404 to approximately 541,936,395 Options following completion of the Entitlement Issue.

4.4 Unaudited Pro-Forma Consolidated Balance Sheet

The audited Balance Sheet as at 30 June 2010 and the unaudited Pro-Forma Balance Sheet as at 30 June 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all New Shares offered pursuant to the Entitlement Issue are issued.

The unaudited Pro-Forma Consolidated Balance Sheet has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated Balance Sheet and Unaudited Pro-Forma Consolidated Balance Sheet as at 30 June 2010

	Note	30 June 2010 (Audited) Actual \$	30 June 2010 (Unaudited) Pro-forma \$
CURRENT ASSETS			
Cash and cash equivalents	5.3(a)	7,584,416	9,898,499
Trade and other receivables		1,157,760	1,157,760
Prepayments		59,188	59,188
TOTAL CURRENT ASSETS		8,801,364	11,115,447
NON-CURRENT ASSETS			
Trade and other receivables		282,960	282,960
Plant and equipment		46,746	46,746
Exploration and evaluation expenditure		3,754,263	3,754,263
Oil and gas production		5,876,652	5,876,652
TOTAL NON-CURRENT ASSETS		9,960,621	9,960,621
TOTAL ASSETS		18,761,985	21,076,068
CURRENT LIABILITIES			
Trade and other payables		1,901,478	1,901,478
Prepayments		1,894,178	1,894,178
Provisions		85,578	85,578
TOTAL CURRENT LIABILITIES		3,881,234	3,881,234
NON-CURRENT LIABILITIES			
Provisions		813,528	813,528
TOTAL NON-CURRENT LIABILITIES		813,528	813,528
TOTAL LIABILITIES		4,694,762	4,694,762
NET ASSETS		14,067,223	16,381,306
EQUITY			
Issued capital	5.3(b)	86,365,141	88,679,224
Reserves		11,325	11,325
Accumulated losses		(72,309,243)	(72,309,243)
TOTAL EQUITY		14,067,223	16,381,306

(a) Assumes expenses of the Entitlement Issue total \$278,301

(b) Assumes that no Options on issue as at the date of the Prospectus are exercised

4.5 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Entitlement Issue is set out below, assuming that the Entitlement Issue is fully subscribed.

Shares	Number
Shares on issue at date of Prospectus	1,080,159,955
New Shares offered pursuant to the Entitlement Issue	216,031,991
Total Shares on issue after completion of the Entitlement Issue	1,296,191,946

Options	Number
Exercisable at 40 cents on or before 31 August 2011 ¹	600,000
Exercisable at 8 cents on or before 31 August 2012 ¹	325,304,404
New Options offered pursuant to the Entitlement Issue	216,031,991
Total Options on issue after completion of the Entitlement Issue	541,936,395

Notes

1. Please note, the exercise prices of these Options are subject to a repricing mechanism pursuant to ASX Listing Rule 6.22.2.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The New Shares to be issued pursuant to this Prospectus will rank *pari passu* in all respects with the Company's existing Shares.

The rights, privileges and restrictions attaching to Shares are set out in the Constitution of the Company. These rights include (but are not limited to) the following:

Voting Rights: Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none) and provided no amount due and payable in respect of a call is unpaid, at a general meeting of the Company every holder of ordinary shares present in person or by proxy, attorney, or representative has on a show of hands one vote and on a poll one vote per share (provided that partly paid shares confer a fraction of a vote equal to the proportion that the amount paid bears to the total issue price of those shares).

Dividend Rights: Subject to the Constitution and to the rights attaching to shares issued on special conditions (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the holders of ordinary shares in proportion to the number of shares held by them respectively and are paid proportionately to the amounts paid or credited as paid on the shares.

Rights on Winding-up: Subject to the Constitution, the Corporations Act and the rights of holders of shares with special rights in a winding-up (at present there are none), on a winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company, divide among the members in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between members or different classes of members.

Transfer of Shares: Except as provided by law, the ASX Listing Rules, the SCH Business Rules and the Constitution, the Company's shares are freely transferable.

Issue of Further Shares: The allotment and issue of any new shares is under the control of the Directors and, subject to any restrictions on the allotment of shares imposed by the Company's Constitution, the ASX Listing Rules or the Corporations Act, the Directors may issue those new shares on such terms and conditions, and with such rights and at such times, as they may determine.

Variation of Rights: At present the Company has only ordinary shares on issue. If shares of another class are issued, the rights and privileges attaching to any class of shares can only be altered with the consent in writing of the holder or holders of $\frac{3}{4}$ of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of that class.

General Meetings: Each Shareholder is entitled to receive notice of, and to attend and (subject to the Constitution) vote at, general meetings of the Company.

A copy of the Company's Constitution is available for inspection by prospective investors at the Company's registered office.

5.1 Terms and Conditions of the New Options

The terms and condition of the New Options are as follows:

- (a) Each New Option entitles the holder to subscribe for one fully paid ordinary Share in the capital of the Company at an exercise price of 8 cents.
- (b) The New Options are exercisable at any time on or before 31 August 2012 by completing a notice of exercise and delivering it to the Company's share registry together with the payment for the number of shares in respect of which the New Options are exercised.
- (c) All Shares issued pursuant to the exercise of New Options will be allotted within 15 Business Days after the receipt of a properly executed notice of exercise and the application monies in respect of the exercise and will rank *pari passu* in all respects with then existing fully paid ordinary Shares. Subject to the ASX Listing Rules, the Company will apply to ASX for official quotation of all Shares issued upon exercise of the New Options within three business days after the allotment of the Shares.
- (d) There are no participating rights or entitlements inherent in the New Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be a least 6 ASX Business Days after the issue is announced. The Company will also notify holders of any proposed issue at least 5 Business Days before the record date. This will give option holders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.
- (e) If there is a pro-rate issue of Shares to holders of Shares for which no consideration is payable by them (bonus issue), the number of Shares over which the New Option is exercisable must be increased by the number of Shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
- (f) If there is a pro-rata issue (other than a bonus issue) to the holders of Shares during the currency of, and prior to the exercise of any New Options, the exercise price of a New Option will be reduced according to the formula provided in the ASX Listing Rules.
- (g) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the New Options will be reorganised in a manner required by the ASX Listing Rules re-organisation of capital at the time of re-organisation.

6. RISK FACTORS

Whilst the Directors recommend that Shareholders and investors apply for the New Shares and New Options offered under this Prospectus, Shareholders and potential investors are reminded that an investment in the Company should be considered speculative because of the nature of the Company's business. A number of material risk factors are set out below. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares.

6.1 Risks Associated with the Blowout of the Dugas & Leblanc # 1 Well at Napoleonville

Since 12 August 2010, the Company has made a series of important announcements to the ASX in relation to efforts to control the blowout of the Dugas & Leblanc #1 Well (#1 Well) at its Napoleonville Project in Louisiana, United States, and the subsequent effects on the Company. Investors are urged to read these announcements to understand the implications of the events which have occurred and to make a decision on the merits of this Offer.

These announcements are available from the Company's ASX platform at www.asx.com.au.

As at the date of this Prospectus, it is anticipated that insurance (both the Operator's and the Company's) is likely to cover the costs of the #1 Well control operations, the environmental clean-up operations and the drilling of the replacement well, Dugas & Leblanc #2 Well. However, this is not definite and there remains some uncertainty with regard to these matters. The Company will continue to keep the market informed as information comes to hand.

A class action has also been filed in the U.S. against the Operator of the #1 Well in both the Federal and State court for damages by certain residents of the Napoleonville area. The Operator has appointed legal counsel to defend the joint venture and the Company will report on the progress of this action as it develops and to any liability that the Company may face, if any, as a joint venture partner in the #1 Well.

As at the date of this Prospectus, neither the Company nor any of its subsidiaries has been named as a defendant in any lawsuit relating to the #1 Well event. The Company undertakes to vigorously defend any action that might be brought against it by virtue of its joint venture interest in the Napoleonville Salt Dome Project. The Board is mindful of its obligations to investors and will immediately update ASX as and when information becomes available.

Please note, if the insurance does not substantially cover the costs of the #1 Well operations, costs associated with the environmental clean-up, and/or current or future class actions result in an adverse finding against the Company, this would have a material adverse effect on the Company and could result in your investment being of little or no value.

6.2 Obtaining Future Funding

The Company's ongoing activities will require substantial expenditures. There can be no guarantees that the funds raised through the Entitlement Issue will be sufficient to successfully achieve all the objectives of the Company's overall business strategy including repayment obligations under residual debt facilities. If the Company is unable to use debt or equity to fund expansion or meet its repayments obligations after the substantial exhaustion of the net proceeds of the Entitlements Issue, there can be no assurances that the Company will have sufficient capital for that purpose, or other purposes, or that it will be able to obtain additional capital on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's overall business strategy and could have a material adverse effect on the Company's proposed activities and asset position. The Company continues to be in discussions with a number of parties regarding future funding arrangements and alternatives.

6.3 Exploration Success

Shareholders and potential investors should understand that hydrocarbon exploration and development is a high-risk undertaking.

There can be no assurance that the Company's exploration activities, will result in the discovery of an economic hydrocarbon resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

6.4 Operating Risks

Operating risks include mechanical failure of operating plant and equipment, fire, explosion, blow outs and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharge of toxic gases. The occurrence of industrial or environmental accidents could result in substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or environmental damage, clean-up responsibilities, regulatory investigation and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company. Other operational risks include industrial disputes, other geological and geophysical investigations and other unanticipated operational and technical difficulties.

6.5 Commercialisation

Even if the Company recovers potentially commercial quantities of oil and gas, there is no guarantee that the Company will be able to successfully transport the oil and gas to commercially viable markets or sell the oil and gas to customers to achieve a commercial return.

6.6 Reserves and Resource Estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely affect the Company's operations.

6.7 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to oil and gas production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, prices of commodities in the United States of America ("US") are denominated in US dollars, whereas the income and expenditure of the Company are and will be taken to account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the US dollar and the Australian dollar as determined in international markets.

6.8 Environmental Risks

The operations and proposed activities of the Company will be subject to US laws and regulations concerning the environment. As with most exploration projects and production operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to extensive liability.

6.9 Government Actions

The impact of actions by governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

6.10 General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors which may contribute to that general economic climate include movements in interest rates and currency exchange rates and the overall state of the equity/debt capital markets that the Company may rely on to fund current and future activity.

6.11 ASX Share Investment Risk

There are various risks associated with investing in any form of business and with investing in the stock market generally. The value of the Shares will depend upon general stock market and economic conditions as well as the specific performance of the Company. There is no guarantee of profitability, dividends, return of capital, or the price at which the Shares will trade on ASX in the future.

6.12 Market Fluctuations

The market value of tradeable securities is subject to market fluctuations. General economic conditions and stock market fluctuations may also impact the ability to procure the requisite project funding.

6.13 Reliance on Key Personnel

The Company's prospects depend in part on the ability to attract senior management to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional high qualified management and continue to implement and improve operational, financial and management information systems. In the event that the Company is unsuccessful in achieving these goals, this may have an adverse effect of the Company and its financial performance.

6.14 Managing Growth

The Company's success will depend on its ability to expand its operations. If the Company is unable to successfully manage the expansion of its business, its financial condition and results of operations could be materially adversely affected.

6.15 Tax

Any change to the current rate of company income tax in the jurisdictions where the Company operates will impact on financial performance and cash flows, the ability to pay dividends and the price of securities which could impact investor returns. Any changes to the current rates of income tax applying to individuals will similarly impact on investor returns. In addition, any change in tax arrangements between Australia and other jurisdictions could have an adverse impact on any future net profit after tax and net operating cash flows.

6.16 Investment Speculative

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by an investment in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Accordingly, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Shareholders should consider that any investment pursuant to this Prospectus is speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

7. ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus” has been issued in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities in a class which are continuously quoted at all times in the 12 months before the issue of the prospectus. The New Shares to be issued under this Prospectus are in respect of a class of Shares that were continuously quoted securities at all times in the 12 months before the issue of this Prospectus. The New Options to be issued under this Prospectus are also in respect of a class of Options (GGPO) that were continuously quoted securities at all times in the 12 months before the issue of this Prospectus. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2010 being the last financial statements lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements before the issue of this Prospectus; and
 - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above

until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act, as set out in the table below.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the financial statements for the year ended 30 June 2010:

Date	Description of Announcement
17/01/2011	Retirement of Chairman
17/01/2011	Napoleonville Update
14/01/2011	GGE: Project Update ¹
13/01/2011	Cleansing Prospectus
12/01/2011	Securities Trading Policy
12/01/2011	Change of Director's Interest Notice (Petruzzelli)
31/12/2010	Acquisition of 12% interest in Bullseye Project
31/12/2010	Appendix 3B
29/12/2010	Chairman's Address to Shareholders
29/12/2010	Results of Meeting
22/12/2010	Dugas & Leblanc #2 Well flowing at 320BBLD
21/12/2010	Dugas & Leblanc #2 Well Connected
03/12/2010	Appendix 3B
03/12/2010	Change of Director's Interest Notice (Graves)
25/11/2010	Notice of General Meeting/Proxy Form
23/11/2010	Cleansing Prospectus
18/11/2010	Change of Director's Interest Notice - Brophy
18/11/2010	Appendix 3B – Issue of Options to a Director
15/11/2010	Successful Dugas and Leblanc #2 Test
12/11/2010	Results of Annual General Meeting
12/11/2010	Managing Director's Presentation
12/11/2010	Chairman's Address to Shareholders
11/11/2010	Dugas and Leblanc #2 Testing Update
08/11/2010	Appendix 3B
08/11/2010	Dugas and LeBlanc No 2 Testing Update – Oil present
01/11/2010	Expiry of Options and Change in Director's Interest Notices
29/10/2010	AGM and Proxy Form Reminder

¹ Note: This announcement was released by Grand Gulf Energy Limited.

Date	Description of Announcement
29/10/2010	Quarterly Activities and Cash Flow Report
22/10/2010	Acquisition of Permian Basin Leases / \$4.6m Equity Raising
20/10/2010	Permian Assets Negotiation Terminated
20/10/2010	Reinstatement to Official Quotation
20/10/2010	Napoleonville Well Drilling Update
19/10/2010	Napoleonville Well Drilling Update – Gas Shows
19/10/2010	Suspension from Official Quotation
18/10/2010	Annual Report 2010
18/10/2010	Napoleonville Well Drilling Update
15/10/2010	Trading Halt
14/10/2010	Napoleonville Well Drilling Update
13/10/2010	Amended Header Napoleonville Drilling Update
13/10/2010	Napoleonville Well Spudded
08/10/2010	Napoleonville Well Spudded
07/10/2010	Notice of Annual General Meeting / Proxy Form
06/10/2010	Napoleonville Operations Update – Next Well to Spud
01/10/2010	Napoleonville Operations Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.ggpl.com.au

7.2 Underwriting Agreement

On 14 January 2011, the Company entered into an Underwriting Agreement with Novus Capital Ltd to underwrite up to a maximum of \$2,592,384 being a total of 216,031,991 Shortfall Shares (**Total Shortfall Amount**).

The Company has also granted Novus the right of first refusal to underwrite the exercise of the New Options.

The Company has agreed to pay Novus:

- (a) an underwriting commission equal to 6% of the underwritten amount (exclusive of GST);
- (b) a financial advisory fee of \$75,000 (exclusive of GST);
- (c) a monthly retainer of \$15,000 (exclusive of GST) (which is rebatable against the total financial advisory fee noted above);
- (c) a success fee of 3,000,000 Shares upon completion of the Entitlement Issue; and
- (c) out of pocket expenses that are incurred by Novus (exclusive of GST).

In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all reasonable costs and expenses incurred by the Underwriter in connection with the Entitlement Issue, including legal expenses and disbursements. The Company will pay all costs in connection with the preparation, negotiation and execution of the Underwriting Agreement and any sub-underwriting agreements up to \$10,000 (excluding GST).

The Underwriter, at its discretion, may engage sub-underwriters on such terms and conditions as it determines in its absolute discretion. The Company is not responsible for payment of any fees to sub-underwriters.

The Company has given warranties and undertakings to the Underwriter which are usual in an agreement of this nature.

Termination

Novus may immediately terminate the Underwriting Agreement if:

- (a) *Misleading statement in the Prospectus*: a material statement in the Prospectus is found to be untrue, misleading or deceptive or it is found that the Prospectus contains a material omission or a new circumstance arises after the date of lodgement of the Prospectus which would be required under the Corporations Act to have been included in the Prospectus if it had arisen before the date of lodgement of the Prospectus (and no supplementary or replacement prospectus (in a form agreed by Novus acting reasonably) has been lodged in accordance with the Corporations Act;
- (b) *ASIC stop order, hearing or investigation*: ASIC issues a stop order under section 739(1) or (3) of the Corporations Act, gives notice of intention to hold a hearing in relation to the Prospectus pursuant to section 739(2) of the Corporations Act, applies for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or the Entitlement Issue or commences any investigation, examination or hearing or gathers information under Part 3 of the ASIC Act in connection with the Prospectus or the Entitlement Issue;
- (c) *Notices concerning the Prospectus*: any person (provided that if that person is Novus, Novus must act in good faith) gives a notice under section 730 or section 733(3) of the Corporations Act or withdraws a consent previously given under section 720 of the Corporations Act, in relation to the Prospectus;
- (d) *Lodgement of supplementary Prospectus*: a supplementary or replacement Prospectus is lodged under the Corporations Act without the prior written approval of Novus (such approval not to be unreasonably withheld or delayed);
- (e) *Changes in prospects of the Company*: any adverse change occurs in the condition, financial position or prospects of the Company or a Related Body Corporate that is, in Novus' reasonable opinion, material;
- (f) *Breach of constitution*: the Company or any of its subsidiaries (if any) breaches its Constitution which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (g) *Breach of law or regulation*: the Company or any of its subsidiaries or any officer of the Company or a Related Body Corporate of the Company contravenes any provision of the Corporations Act, the Listing Rules or any other legislation of the Commonwealth of Australia or any State or Territory of Australia which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (h) *Prescribed Occurrence*: a Prescribed Occurrence occurs in relation to the Company or any of the Company's subsidiaries which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (i) *Insolvency*: an Insolvency Event occurs;
- (j) *Breach of Underwriting Agreement*: the Company or any of its subsidiaries is in breach of any provision of the Underwriting Agreement that, in Novus' reasonable opinion, is material.

Without limiting what else may be material, a breach of any of the following provisions is deemed to be material for the purposes of this clause (j): any warranty or undertaking given by the Company; the Company's obligation to give a notice specifying the Shortfall; and the Company's obligation to give a closing certificate (being a certificate confirming (i) compliance with obligations under the Underwriting Agreement and the Entitlement Issue (ii) no termination event has occurred and (iii) no breach of warranties and undertakings);

- (k) *Breach of laws*: there occurs a contravention by the Company of any applicable laws in relation to the Entitlement Issue including without limitation the Corporations Act, the constitution of the Company or any of the Listing Rules which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (l) *No quotation*: approval to the quotation of all of the New Shares or New Options on the ASX is refused, not granted or granted subject to any condition which is unacceptable to Novus (acting reasonably) or subsequently withdrawn;
- (m) *Breach of warranty*: any warranty given by the Company under the Underwriting Agreement is not true or has ceased to be true in any respect which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (n) *Conviction of officers*: any director, secretary or executive officer of the Company or any of its subsidiaries is charged with or convicted of any criminal offence involving fraudulent or dishonest conduct;
- (o) *Unapproved alteration of capital*: the Company alters, or announces an intention to alter, its capital structure or its constitution without the prior consent of Novus (such consent not to be unreasonably withheld) which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (p) *Unapproved encumbrances*: the Company or any of its subsidiaries gives security in favour of any person who is not a security holder at the date of the Underwriting Agreement which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (q) *False or misleading information given to Novus*: any information that is, in Novus' reasonable opinion, material that was supplied at any time by or on behalf of the Company to Novus in respect of any aspect of the Company or any of its subsidiaries or the Entitlement Issue is or becomes misleading or deceptive or contains a material omission;
- (r) *Commencement of hostilities*: an outbreak of hostilities not presently existing or an escalation of hostilities occurs (whether war has been declared or not) or a terrorist act is committed involving any one or more of Australia, New Zealand, the United Kingdom, the United States of America, the Peoples Republic of China (including the Special Administrative Region of Hong Kong), the countries of the former Union of Soviet Socialist Republics (excluding wars or hostilities within those countries), Indonesia or Japan which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (s) *Changes of law*: the Australian Government adopts or announces any change in any applicable laws or governmental policies which would, in Novus' reasonable opinion, materially and adversely affect the Company or the Entitlement Issue;
- (t) *Quotation on ASX*: three months or such other period agreed by Novus elapses after the date of issue of the Prospectus without ASX granting quotation of the New Shares and New Options on the securities market operated by ASX;
- (u) *Grant by ASX*: any grant by ASX referred to in clause (t) is withdrawn or is made subject to any conditions other than the standard conditions;
- (v) *Statements issued in breach of agreement*: during the term of the Underwriting Agreement a breach of clauses relating to public statements being made by the Company in relation to the Company or the Entitlement Issue without Novus' consent occurs;
- (w) *Withdrawal of Prospectus*: the Company withdraws this Prospectus;

- (x) *Significant change to management or board*: there is a significant change to the composition of the senior executives of the Company or of its board of Directors without the approval of Novus (which approval may not be unreasonably withheld);
- (y) *Judgement*: A judgement in an amount exceeding \$250,000 is obtained against the Company or any Related Body Corporate of the Company and is not set aside or satisfied within five Business Days;
- (z) *Requirement to repay Application Money*: any circumstance arises after the Prospectus is lodged a consequence of which is either that the Company is required to repay the money received from Applicants or to offer Applicants an opportunity to withdraw their applications and receive a refund of their Application Money; and
- (aa) *Movement in the All Ordinaries Index*: the All Ordinaries Index of ASX is at any time on any three consecutive Business Days prior to allotment of the New Shares 4,500 or less.

7.3 Disclosure of Underwriter Voting Power

As at the date of this Prospectus, the Underwriter holds 455,000 Shares. An analysis of the impact of the Entitlement Issue and underwriting on the effective control of the Company has been undertaken to indicate the effect on the Underwriter's relevant interest in the Company under various scenarios. The results are detailed below. Each scenario below assumes that there is no exercise of existing Options prior to completion of the Entitlement Issue.

Before Entitlement Issue

The following table shows the existing capital structure of the Company at the date of this Prospectus.

	Shares	% of Total Shares
Underwriter*	455,000	0.04
Others	1,079,704,955	99.96
TOTAL	1,080,159,955	100.00

* Including associates

Scenario 1 – Maximum Entitlement take up by all Eligible Shareholders

The following table shows the capital structure of the Company at the close of the Entitlement Issue if each Eligible Shareholder elects to take up each of their Entitlements to subscribe for New Shares pursuant to the Entitlement Issue.

	Shares	% of Total Shares
Underwriter*	455,000	0.03
Others	1,295,736,946	99.97
TOTAL	1,296,191,946	100.00

* Including associates

Scenario 2 – Eligible Shareholders take up 50% of their Entitlement

The following table shows the capital structure of the Company at the close of the Entitlement Issue if half of the Eligible Shareholders elect to take up each of their Entitlements to subscribe for New Shares pursuant to the Entitlement Issue, in which case the Underwriter will subscribe for 50% of the New Shares to be issued under the Entitlement Issue.

	Shares	% of Total Shares
Underwriter*	108,470,996	8.37
Others	1,187,720,950	91.63
TOTAL	1,296,191,946	100.00

* Including associates

Scenario 3 – Eligible Shareholders take up 0% of their Entitlement

The following table shows the capital structure of the Company at the close of the Entitlement Issue if each Eligible Shareholder does not elect to take up any of their Entitlements to subscribe for New Shares pursuant to the Entitlement Issue, in which case the Underwriter will subscribe for all of the New Shares to be issued under the Entitlement Issue.

	Shares	% of Total Shares
Underwriter*	216,486,991	16.70
Others	1,079,704,955	83.30
TOTAL	1,296,191,946	100.00

* Including associates

7.4 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or any firm or in any material contract entered into by the Company) has now or has had within the 2 year period before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Issue; or
- (c) the Entitlement Issue.

No amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) to any Director or to any company or firm in which any Director is associated, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by his company or firm in connection with the formation or promotion of the Company or the Entitlement Issue.

Directors' interests in securities of the Company as at the date of this Prospectus are:

Director	Shares	Quoted Options	Unquoted Options
Stephen Graves	3,802,542 ¹	489,021 ¹	-
Sam Russotti	1,069,287 ²	198,753 ³	-
Frank Petruzzelli	3,571,374 ⁴	379,149 ⁴	-
Frank Brophy	-	2,000,000	-
Total	8,443,203	3,066,923	-

Note 1: These Shares and Options are owned by Mr Grave's spouse, Kathleen Graves.

Note 2: 160,098 of these Shares are held by Mr Russotti on behalf of other people and are not beneficially owned by Mr Russotti.

Note 3: 29,758 of these Options are held by Mr Russotti on behalf of other people and are not beneficially owned by Mr Russotti.

Note 4: 2,011,492 of these Shares and 89,208 of these Options are held by the F & A Petruzzelli Super Fund.

Each of the Directors that currently hold Shares (other than Mr Russotti), have indicated that it is their present intention to participate in the Entitlement Issue. No Director will be exercising any of their Options in order to participate further in the Entitlement Issue.

Remuneration of Directors

Shareholders have approved the Company paying Director's fees of up to a maximum of \$200,000 per annum to be divided between Non-Executive Directors as they see fit, until such time as any different amount is approved by Shareholders.

In the last two (2) years the Company paid to Directors a total of \$568,623 for the year ended 30 June 2010 and \$1,064,178 for the year ended 30 June 2009 (\$307,290 of which were Share based payments to all Directors).

Details of remuneration provided to Directors and their associated entities during the past two financial years are as follows:

Financial year up to 30 June 2009			
Director	Directors' Fees/Salaries	Other Remuneration	Total \$
Sam Russotti	\$143,432	\$11,059	\$154,491
Steve Graves	\$401,053	\$312,294	\$713,347
Frank Petruzzelli	\$59,046	\$9,958	\$69,004
Mark Freeman	\$125,334	\$2,002	\$127,336
Frank Brophy	-	-	-

Financial year up to 30 June 2010			
Director	Directors' Fees/Salaries \$	Other Remuneration \$	Total \$
Sam Russotti	\$55,046	\$11,642	\$66,688
Steve Graves	\$393,543	\$6,688	\$400,231
Frank Petruzzelli	\$55,046	\$11,642	\$66,688
Frank Brophy	\$30,000	\$5,016	\$35,016

For the period from 1 July 2010 to the date of this Prospectus \$357,500 has been paid or is payable by the Company by way of remuneration for services provided by all Directors (executive, non-executive and alternate), companies associated with those Directors or their associates in their capacity as directors, employees, consultants or advisers (and including superannuation payments). Mr. Russotti has been paid \$30,000, Mr. Graves \$245,000, Mr. Petruzzelli has been paid \$60,000 and Mr. Brophy \$22,500 by way of remuneration for services provided since 1 July 2010.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

7.5 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus has performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has now or has had within the 2 year period ending on the date of this Prospectus any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Issue; or
- (c) the Entitlement Issue.

No amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Entitlement Issue.

Ernst & Young has given, and has not withdrawn its consent to being named as Auditors to the Company in the Corporate Directory of this Prospectus and to the use of the audited balance sheet as at 30 June 2010 for the purposes of preparing the consolidated pro forma balance sheet in the form and context in which that balance sheet is included. Ernst & Young has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement is made in the Prospectus is based and to the maximum extent permitted by law, expressly

disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name. In respect of their work in relation to the preparation of the financial statements for the year ended 30 June 2010, the Company paid approximately \$50,000 (plus GST) for these professional services. Ernst & Young have provided other professional services to the Company during the last two years totalling approximately \$166,000 (plus GST).

Novus Capital Limited has given, and has not withdrawn its consent to being named as the Underwriter in this Prospectus. Novus Capital Limited has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement is made in the Prospectus is based and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of Novus Capital Limited. In respect of acting as Underwriter, Novus Capital Limited will receive a financial advisory fee of \$75,000 and an underwriting fee equal to 6% of the aggregate funds raised under the Entitlements Issue (i.e. \$155,543). The Underwriting Agreement is summarised in Section 7.2. Novus Capital Limited was paid a placement fee of 6% (\$66,000) for raising \$1,100,000 as described in Section 4.1.1.

Blakiston and Crabb has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Blakiston and Crabb has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement is made in the Prospectus is based and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name. In respect of their work on this Prospectus, the Company will pay approximately \$7,000 to Blakiston & Crabb for their professional services. Over the past two years, Blakiston and Crabb has been paid fees totalling \$151,585.50 (exclusive of GST) for services provided to the Company.

7.6 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus. However, investors should refer to the section 6.1 for details regarding potential court action in respect of the blowout of the Dugas & Leblanc # 1 Well at Napoleonville.

7.7 Estimated Expenses of Entitlement Issue

The estimated expenses of the Entitlement Issue are as follows

	\$
ASIC Fees	2,068
Brokerage	155,543
Financial Advisory Fee	75,000
ASX fees	11,690
Legal expenses	17,000
Printing and other expenses	17,000
Total	278,301

7.8 Market Price of Shares and Options on ASX

The highest and lowest closing sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.018 on 8 November 2010

Lowest: \$0.013 between 30 November 2010 to 6 December 2010 (inclusive) and between 9 December 2010 to 20 December 2010 (inclusive)

The latest available closing sale price of the Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.015 on 18 January 2011.

The highest and lowest closing market sale prices of the listed Options on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest: \$0.006 from 14 October 2010 to 20 October 2010 and 8 November 2010

Lowest: \$0.003 from 24 November 2010 to 16 December 2010 (inclusive) and on 21 December 2010, 22 December 2010, 13 January 2011 and 14 January 2011.

The latest available market sale price of the listed Options on ASX immediately before the date of issue of this Prospectus was \$0.003 on 17 January 2011.

7.9 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8. AUTHORITY OF DIRECTORS

8.1 Directors' Consent

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of New Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each of the Directors of Golden Gate Petroleum Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act and have not withdrawn that consent.

Dated the 19th day of January 2011



Frank Petruzzelli
Director
Signed for and on behalf of
GOLDEN GATE PETROLEUM LIMITED

9. DEFINITIONS

Applicant means a Shareholder or other party who applies for New Shares (and New Options) pursuant to the Entitlement Issue.

ASIC means the Australian Securities and Investments Commission.

ASIC Act means the Australian Securities and Investments Commission Act 2001 (Cth).

ASX means the ASX Limited (ACN 008 624 691).

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 17 February 2011 (unless extended).

Company means Golden Gate Petroleum Limited (ABN 34 090 074 785).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001*(Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlement Issue.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Issue means the fully underwritten pro rata non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders for the issue of up to 216,031,991 Shares at an issue price of \$0.012 per Share to raise approximately \$2,592,384 before costs.

Ineligible Shareholders has the meaning given in Section 3.11 of this Prospectus.

Insolvency Event means the happening of any of the following events:

- (a) execution or other process of a court or authority or distress is levied for an amount exceeding \$10,000 upon any of the property of the Company or a Related Body Corporate and is not satisfied, set aside or withdrawn within seven days of its issue;
- (b) an order for payment is made or judgment for an amount exceeding \$10,000 is entered or signed against the Company or a Related Body Corporate which is not satisfied within seven days;
- (c) the Company or a Related Body Corporate suspends payment of its debts;

- (d) the Company or a Related Body Corporate becomes an “externally-administered body corporate” within the meaning of the Corporations Act;
- (e) steps are taken by any person towards making the Company or a Related Body Corporate an “externally-administered body corporate” within the meaning of the Corporations Act (but not where the steps taken consist of making an application to a court and the application is withdrawn or dismissed within 14 days);
- (f) a controller (as defined in section 9 of the Corporations Act) is appointed to, or acts in relation to, any of the property of the Company or a Related Body Corporate or any steps are taken for the appointment of a controller (but not where the steps taken are reversed or abandoned within 14 days);
- (g) the Company or a Related Body Corporate is taken to have failed to comply with a statutory demand within the meaning of section 459F of the Corporations Act;
- (h) a resolution is passed for the reduction of capital of the Company or a Related Body Corporate or notice of intention to propose such a resolution is given, without the prior written consent of the Underwriter; or
- (i) an event happens analogous to an event specified in paragraphs (a) to (h) above to which the law of another jurisdiction applies and the event has an effect in that jurisdiction similar to the effect which the event would have had if the law of Australia applied.

Listing Rules or ASX Listing Rules means the Listing Rules of the ASX.

Napoleonville means the Napoleonville Salt Dome Project in Louisiana, USA.

New Option means an Option offered under the Entitlement Issue.

New Share means a Share offered under the Entitlement Issue.

Offer means the Entitlement Issue.

Official List means the official list of ASX.

Opening Date means 3 February 2011.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Quotation and Official Quotation means official quotation on ASX.

Record Date means 5.00pm (WST) on 28 January 2011.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Securities means New Shares and New Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means those New Shares (and free attaching New Options) under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Securities means the New Shares (and free attaching New Options) comprising the Shortfall.

Underwriter means Novus Capital Limited AFS Licence Number 238168.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 14 January 2011.

WST means Western Standard Time as observed in Perth, Western Australia.

GOLDEN GATE PETROLEUM LIMITED
ABN 34 090 074 785

ENTITLEMENT AND ACCEPTANCE AND APPLICATION FOR ADDITIONAL SECURITIES FORM
THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISOR

REGISTERED OFFICE: 566 Elizabeth Street, Melbourne Vic 3000
SHARE REGISTRY: Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway Nedlands WA 6009

Non-renounceable entitlement issue of approximately 216,031,991 Shares at an issue price of 1.2 cents per Share, with a free attaching option for each new share issued, on the basis of 1 Share for every 5 Shares held.

Non-renounceable entitlement, closing 5.00 pm Western Standard Time on 17/02/2011.

«SEQUENCE»	«Barcode» «BSPKey» ABC	Sub-Register	:	«SUB_REGISTER»
	shareholder's name	HIN/SRN	:	
	«NA4»	Shareholding at Record Date 5.00pm	:	
	«NA5»	WST 28 January 2011	:	
	«NA6»	Entitlement to New Shares on a 1 for 5 basis	:	
		Amount payable on acceptance at 1.2 cents per New Share	:	

To the Directors
Golden Gate Petroleum Limited

I/We the above mentioned, being registered on 28/01/2011 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned securities in accordance with the enclosed Prospectus;

I/We enclose my/our cheque made payable to GOLDEN GATE PETROLEUM LIMITED – TRUST ACCOUNT, for the amount shown being payment at the rate of 1.2 cents per New Share together with one free attaching New Option.

I/We hereby authorise you to place my/our name(s) on the registers of shareholders and option holders in respect of the number of New Shares and New Options allotted to me/us and;

I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE NEW SHARES AND NEW OPTIONS BEING OFFERED

NUMBER OF NEW SHARES AND NEW OPTIONS ACCEPTED (BEING NOT MORE THAN THE ENTITLEMENT SHOWN ABOVE)	ADDITIONAL NUMBER OF NEW SHARES AND NEW OPTIONS APPLIED FOR	@ \$0.012 PER NEW SHARE	TOTAL AMOUNT ENCLOSED
			AUD\$

METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf. Please insert details of cheques in boxes below.

Bank	Branch	Amount
<p>If the amount you pay is insufficient to pay for the number of New Shares and New Options you apply for, you will be taken to have applied for such lower number of New Shares and New Options as that amount will pay for, or your application will be rejected.</p> <p>If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of New Shares and New Options you are entitled to apply on this form. The excess money will be processed as application for additional shares and options.</p>		

My/Our contact numbers in the case of enquiry are:

Telephone : () Fax : ()

Email :

NOTE: Cheques should be made payable to GOLDEN GATE PETROLEUM LIMITED – TRUST ACCOUNT, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Services, Unit 2, 150 Stirling Highway, Nedlands, Western Australia, 6000 to arrive no later than 5.00 pm Western Standard Time on 17/02/2011.

Complete this panel and sign below only if a change of address is to be registered with the Company

New Address : _____

Signature(s) : _____

Date : _____

Please indicate correct title: Director / Secretary / _____

ISSUE CLOSES 5.00 PM WST ON 17/02/2011
THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE
PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

The front of this form sets out the number of New Shares and New Options which you are entitled to accept.

Your entitlement may be accepted either in full or in part. There is no minimum acceptance.

You may not apply for New Shares and New Options in excess of your maximum entitlement, but may apply for additional shares and options under the shortfall.

The price payable on acceptance of each New Share is 1.2 cents.

You may accept your entitlement in full by completing the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

By making your payment by cheque, bank draft or money order, you confirm that you:
agree to all of the terms and conditions of the Rights Entitlement offer as enclosed with this form;

Your cheque, bank draft or money order payable to GOLDEN GATE PETROLEUM LIMITED in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Application. Cash will not be accepted. A receipt for payment will not be forwarded.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are paying by cheque, bank draft or money order, your Application must be received by Advanced Share Registry Ltd (ASW) by no later than 5.00pm WST on 17/02/2011. You should allow sufficient time for this to occur. Return your Application with cheque, bank draft or money order attached.

Neither Advanced Share Registry Ltd (ASW) nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

If you have any enquiries concerning this form or your entitlement, please contact ASW on 08 9389 8033.
CHESS holders must contact their Controlling Participant to notify a change of address

By Mail

Golden Gate Petroleum Limited
C/- Advanced Share Registry Ltd
PO Box 1156, Nedlands
Western Australia 6909

Or

150 Stirling Hwy
Nedlands
Western Australia 6009