

# GOLDEN GATE PETROLEUM LTD

ACN 090 074 785

## PROSPECTUS

This Prospectus has been issued to facilitate the secondary trading of Options issued pursuant to the Capital Raisings and the Bullseye Capital Raising. It has also been issued to provide information on the Offer of 1 Option at an issue price of \$0.05 to raise \$0.05.

**This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.**

**Investment in securities offered by this Prospectus should be considered speculative.**

**This Prospectus is dated 19 January 2010.**

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Sam Russotti (Non-Executive Chairman)  
Stephen Graves (Managing Director)  
Frank Brophy (Non - Executive Director)  
Frank Petruzzelli (Non-Executive Director)

### **AUDITOR**

Ernst & Young\*  
11 Mounts Bay Road  
PERTH WA 6000

### **COMPANY SECRETARY**

Chris Bowyer

### **SOLICITORS TO THE COMPANY**

Blakiston & Crabb  
1202 Hay Street  
WEST PERTH WA 6005

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Level 21, Allendale Square  
77 St Georges Terrace  
PERTH WA 6000

### **SHARE REGISTRY**

Advanced Share Registry Pty Ltd\*  
150 Stirling Highway  
NEDLANDS WA 6009

Telephone: 61 8 9324 1177  
Facsimile: 61 8 9324 2171

\*Provided for information purposes only.

## TABLE OF CONTENTS

SECTION		PAGE
1	DETAILS OF OFFER	5
2	PURPOSE AND EFFECT OF THE OFFER ON THE COMPANY	8
3	RISK FACTORS	12
4	ADDITIONAL INFORMATION	15
5	DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT	22
6	DEFINED TERMS	23

## **Important Notes and Statements**

This Prospectus is dated 19 January 2010. A copy of this Prospectus was lodged with the ASIC on 19 January 2010. Neither the ASIC nor the ASX take any responsibility for the contents of this Prospectus. No Option will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. The Option issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply for the Option offered pursuant to this Prospectus to be quoted on ASX. An application for the Option will only be accepted on the Application Form accompanying this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia 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.

## **Key Definitions**

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 6 of this Prospectus.

## **1 DETAILS OF OFFER**

### **1.1 Purpose of and background to the Offer**

On 8 December 2009, the Company issued a total of 65,381,808 Options, each Option exercisable at \$0.08 on or before 31 August 2012. These Options were free attaching with respect to a number of Share placements and the conversion of convertible notes undertaken from 1 September 2009 to 30 November 2009 on the basis of one (1) Option for every two (2) Shares issued, to raise a total of and convert \$4,576,726 (collectively referred to as the "**Capital Raisings**").

The funds raised from the Capital Raisings have been applied to:

- Development wells at Bullseye;
- Repayment of convertible notes; and
- general working capital purposes.

On 24 December 2009, the Company issued a total of 16,000,000 Options in the same class as the Options issued under the Capital Raisings. These Options were free attaching with respect to a Share placement undertaken to fund the Company's acquisition from Modena Resources Limited of its 9% working interest in the Bullseye Project ("**Bullseye Capital Raising**").

This Prospectus has been issued to facilitate secondary trading of the Options issued under the Capital Raisings and the Bullseye Capital Raising ("**Capital Raising Options**"), as these Options were issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who were issued with or who have bought Capital Raising Options to on-sell those Options within 12 months of their issue.

The board of the Company considers that persons that have either been issued with or who have bought any Capital Raising Options should be entitled, should they wish, to on-sell their Capital Raising Options prior to the expiry of 12 months after their issue.

This Prospectus has also been issued to provide information on the Offer being made under this Prospectus which Offer is required by the Corporations Act.

### **1.2 Details of the Offer**

By this Prospectus, the Company is offering the public the opportunity to apply for 1 Option exercisable at \$0.08 on or before 31 August 2012, at an issue price of \$0.05 to raise \$0.05.

### **1.3 Opening and Closing Dates**

The Offer will open for receipt of acceptances at 9.00am WST on 20 January 2010 and will close at 5.00pm WST on 22 January 2010 or such other date as the Directors, in their absolute discretion, may determine.

### **1.4 Minimum Subscription**

The minimum level of subscription for the Offer is 1 Option to raise \$0.05.

### **1.5 Brokerage and Commission**

No brokerage or commission is payable.

## 1.6 Applications

An application for the Option can only be made on the Application Form which accompanies a paper copy of this Prospectus.

Cheques should be in Australian currency and made payable to "**Golden Gate Petroleum Ltd**" and crossed "**Not Negotiable**".

Completed Application Forms must be accompanied by the application monies and lodged in person or by post with the Company:

***By Hand:***

Golden Gate Petroleum Ltd  
Level 21, Allendale Square  
77 St Georges Terrace  
PERTH WA 6000

***By Post:***

Golden Gate Petroleum Ltd  
PO Box Z5184  
Perth WA 6831

Applications must be received by 5.00 pm WST on 22 January 2010 (subject to the right of the Directors to close the Offer earlier or to extend this date without notice).

Should you wish to apply for the Option, the instructions on the back of the Application Form will assist you to ensure that the Application Form is completed correctly.

## 1.7 Oversubscription and Allotment of the Option

If the Company receives more than one Application for the Option being offered under this Prospectus, the Directors will decide, in their absolute discretion, which Application to accept and which Applicant the Option shall be allotted and issued to.

The Option is expected to be allotted and issued by no later than 25 January 2010. Until allotment and issue of the Option under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the application money will be for the benefit of the Company and will be retained by it irrespective of whether allotment and issue of the Option takes place.

## 1.8 ASX Listing

The Company will make application to ASX within 7 days following the date of this Prospectus for official quotation of the Option offered pursuant to this Prospectus.

If approval is not granted by ASX within 3 months after the date of this Prospectus, the Company will not allot the Option and will repay all application monies (where applicable) as soon as practicable, without interest.

A decision by ASX to grant official quotation of the Option is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Option now offered for subscription.

**1.9 No issue of Option after 13 months**

No Option will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

**1.10 Overseas Investors**

Investors resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept the Offer.

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.

**1.11 Use of Funds**

The funds raised from the Offer will be used for working capital.

## **2 PURPOSE AND EFFECT OF THE OFFER ON THE COMPANY**

### **2.1 Principal Effects**

The principal effects on the Company of the Offer, assuming the Offer is fully subscribed, are as follows:

- (a) the Company will issue 1 Option exercisable at \$0.08 on or before 31 August 2012;
- (b) following the issue of the Option, the cash reserves of the Company will increase by \$0.05 less expenses of the Offer which are estimated to be approximately \$7,500; and
- (c) if the Option proposed to be issued is issued, the number of Options on issue will increase from 187,846,068 to 187,846,069.

### **2.2 Balance Sheet and Capital Structure**

The effect on the Company's balance sheet will be to:

- (a) reduce cash reserves by \$7,499.95; and
- (b) reduce share equity premium by \$7,499.95.

**Consolidated Balance Sheet  
Pro-forma Reflecting Proposed Offer**

	<b>30 November 2009 (unaudited) \$</b>	<b>30 November 2009 pro-forma (unaudited) \$</b>
<b>Current assets</b>		
Cash & cash equivalents	2,734,646	2,727,146
Trade & other receivables	595,541	595,541
Prepayments	101,871	101,871
<b>Total current assets</b>	<b>3,432,058</b>	<b>3,424,558</b>
<b>Non-current assets</b>		
Trade & other receivables	321,026	321,026
Investments in controlled entities	-	-
Plant and equipment	53,905	53,905
Exploration and evaluation expenditure	2,482,288	2,482,288
Oil & gas production	15,199,807	15,199,807
<b>Total non-current assets</b>	<b>18,057,026</b>	<b>18,057,026</b>
<b>Total assets</b>	<b>21,489,084</b>	<b>21,481,584</b>
<b>Current liabilities</b>		
Trade & other payables	4,826,811	4,826,811
Prepayments	194,655	194,655
Provisions	256,354	256,354
<b>Total current liabilities</b>	<b>5,277,820</b>	<b>5,277,820</b>
<b>Non current liabilities</b>		
Interest bearing loans & borrowings	443,652	443,652
Derivative held for sale	529,981	529,981
Provisions	640,118	640,118
<b>Total non current liabilities</b>	<b>1,613,751</b>	<b>1,613,751</b>
<b>Total liabilities</b>	<b>6,891,571</b>	<b>6,891,571</b>
<b>Net assets</b>	<b>14,597,513</b>	<b>14,590,013</b>
<b>Equity</b>		
Contributed equity	72,091,938	72,084,438
Reserves	420,365	420,365
Accumulated losses	(57,914,790)	(57,914,790)
<b>Total equity</b>	<b>14,597,513</b>	<b>14,590,013</b>

*Notes to the balance sheet:*

Subsequent to 30 November 2009 the following events occurred:

- On 25 August 2009 the Company announced that it had agreed to place 40,000,000 Shares to sophisticated investors through a private placement to raise \$1,400,000, and that the Shares would be issued at a price of 3.5 cents each together with 20,000,000 free attaching Options exercisable at 8 cents each on or before 31 August 2012 ("New Options"). The funds were raised and the Shares were issued on 1 October 2009. The

free attaching New Options were issued on 8 December 2009. The issue of New Options had no impact on the Company's balance sheet.

- On 28 October 2009 the Company advised the market that it has agreed to place 14,300,000 Shares and 7,150,000 free attaching New Options to sophisticated investors, through a private placement raising the sum of \$500,500. The funds were raised and the Shares were issued on 13 November 2009. The free attaching New Options were issued on 8 December 2009. The issue of New Options had no impact on the Company's balance sheet.
- On 28 October 2009 the Company announced it had entered into agreements with certain convertible note holders to convert a further \$363,727 which was due to be repaid following the recent rights issue conducted in the last quarter of 2009. In order to satisfy this debt the Company agreed to issue 10,392,188 Shares together with 5,196,094 free attaching New Options. The Shares were issued on 13 November 2009 and the debt was cancelled at that time. The free attaching New Options were issued on 8 December 2009. The issue of New Options had no impact on the Company's balance sheet.
- On 30 October 2009 the Company advised the market that it had agreed with convertible note holders of 60% of the convertible notes issued on 11 March 2009 (face value of A\$2,101,500), to extinguish their notes to both cash and equity. Total cash to be paid out as part of the arrangement was A\$671,400 with the balance converting to 66,085,714 Shares and 33,046,839 New Options. The New Options are exercisable at 8 cents each on or before 31 August 2012. These Shares and New Options were issued on 8 December 2009. The cash payment of \$671,400 was made prior to 30 November 2009.
- On 21 December 2009 the Company advised the market that it had agreed to acquire a further 9% working interest in the Bullseye Project including the existing wells and associated facilities increasing its holding to 42.25%. In consideration the Company issued 16,000,000 Shares on 7 January 2010 and paid \$300,000 in cash following the netting out of approximately US\$159,000 owed to Modena Resources Limited.
- On 21 December 2009 the Company advised the market that it had agreed to place 16,000,000 Shares and 16,000,000 New Options to sophisticated investors, through a private placement raising the sum of \$560,000 to fund the Bullseye acquisition. The Shares and New Options were issued on 24 December 2009.

### 2.3 Capital Structure of the Company

The pro-forma capital structure of the Company following the Offer pursuant to this Prospectus is set out below:

<b>Options</b>	<b>Number</b>
Unquoted Options on issue as at date of this Prospectus – various classes (see <i>note I</i> below).	13,900,000
Quoted Options on issue as at date of this Prospectus – same class as the Option to be issued under this Prospectus	173,946,068
Option issued under this Prospectus	1
<b>Total Options on issue after the Prospectus</b>	<b>187,846,069</b>

*Note 1: Unquoted Options on issue:*

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
13,300,000	\$0.35	30 October 2010
600,000	\$0.40	31 August 2011

The Company will have 621,759,331 Shares on issue following the Offer (the number of Shares on issue will remain unchanged following the Offer pursuant to this Prospectus).

*Unquoted Convertible Notes on issue:*

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,437,400	\$0.07 *	4 August 2010
15,538,888	\$0.09 *	4 March 2014

- \* the price that is 90% of the average market price of Shares calculated over the last 5 days on which sales were recorded before the date of conversion and issue.

### **3 RISK FACTORS**

An investment in the Company is not risk free and prospective investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for the Option.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed:

#### **3.1 Economic risks**

Share market conditions, particularly those affecting exploration companies, may affect the price of the Company's quoted securities regardless of operating performance.

The price of oil and gas is influenced by physical and investment demand for, and supply of, those commodities. Fluctuations in these commodity prices may influence the value of the individual projects in which the Company has an interest and the price of the Company's quoted securities.

General economic conditions may affect interest rates and inflation rates. Movements in these rates may have an impact on the price of the Company's quoted securities.

#### **3.2 Exploration and development risks**

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

### 3.3 **Reliance on key personnel**

Within the existing corporate structure, the Company's success is dependent upon the ability of the Directors to manage the existing assets and identify acquisition opportunities for future growth. To manage its growth, the Company must in due course identify, hire, train and retain skilled personnel and senior management.

### 3.4 **Oil price volatility**

The demand for, and price of, oil is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and international cartels, and global economic and political developments.

International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil prices may have a material adverse effect on the Company's business, financial condition and results of operations.

### 3.5 **Foreign exchange risk**

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in Australia and the United States and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

### 3.6 **Environmental**

The Company's activities are subject to the environmental risks inherent in the oil and gas industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in the United States. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

### 3.7 **Competition**

The Company may potentially compete with other companies for new leases and prospects, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

### **3.8 Future capital needs and additional funding**

The funding of any further ongoing capital requirements beyond the requirements as set out in this Prospectus will depend upon a number of factors including the extent of the Company's ability to generate income from activities which the Company cannot forecast with any certainty.

Any additional equity financing will be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may not be able to take advantage of opportunities or develop projects. Further, the Company may be required to reduce the scope of its operations or anticipated expansion and it may affect the Company's ability to continue as a going concern.

### **3.9 Regulatory**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

### **3.10 General economic and political risks**

Changes in the general economic and political climate in the United States, Australia and on a global basis that could impact on economic growth, the oil and gas prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activity that may be conducted by the Company.

### **3.11 Insurance**

Insurance against all risks associated with oil and gas production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

### **3.12 Speculative nature of investment**

An investment in the Company is speculative. The Company holds interests in projects in the oil and gas sector and there are no guarantees that the projects or any future investments or acquisitions in the oil and gas sector will be profitable or otherwise successful.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors 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 Option offered under this Prospectus.

Therefore, the Option to be issued pursuant to this Prospectus carries no guarantee with respect to the payment of dividends, returns of capital or the market value of that Option.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the Option. There are inherent risks and uncertainties associated with the Company's current and future investments. Neither the Directors nor the Company warrant the future performance of the Company or any return on an investment in the Company.

## 4 ADDITIONAL INFORMATION

### 4.1 Legal Framework of this Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its securities.

### 4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of a security to acquire quoted enhanced disclosure ("ED") securities and the underlying securities are in a class of securities that were quoted ED securities at all times in the 3 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The Option to be issued under this Prospectus is an Option in respect of a class of Shares that were continuously quoted securities at all times in the 3 months before the issue of this Prospectus.

### 4.3 Continuous Disclosure and Available Documents

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2009; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2009 and before the issue of this Prospectus:

Date	Details of Announcement
18/01/10	Testing up to six intervals at Fausse Point
12/01/10	GGPO Suspension from Official Quotation
12/01/10	Fausse Point intersects over 300 feet of formation
12/01/10	Fausse Point well to be completed for production testing
11/01/10	Trading Halt
08/01/10	Fausse Point Third Gas Show
07/01/10	Appendix 3B and Sect 708A Notice
06/01/10	Fausse Point Drilling Update
04/01/10	Expiry of Options and Change in Directors' Interests

<b>Date</b>	<b>Details of Announcement</b>
04/01/10	Fausse Point Second Gas Show
31/12/09	Fausse Point Drilling Update
29/12/09	Hydrocarbon Indications at Fausse Point
29/12/09	Director Incentive Options
24/12/09	Appendix 3B and Sect 708A Notice
23/12/09	Fausse Point Gas Show
22/12/09	Company Update
21/12/09	GGP Acquires 9% in Bullseye
21/12/09	Fausse Point Drilling Ahead
18/12/09	Fausse Point Drilling Ahead
17/12/09	Fausse Point Drilling Ahead
14/12/09	Fausse Point Drilling Ahead
11/12/09	Response to ASX Query
09/12/09	Appendix 3Z and Appendix 3X
08/12/09	Appendix 3B and Sect 708A Notice
07/12/09	Fausse Point Spudded
02/12/09	Ceasing to be a substantial holder
02/12/09	Fausse Point Update
30/11/09	Results of Annual General Meeting
30/11/09	AGM Presentation
27/11/09	CAP Cancellation: Incorrect ASX Code should be QPN
27/11/09	Quest Petroleum NL Broadcast
26/11/09	Change in substantial holding
13/11/09	Fausse Point Update
13/11/09	Appendix 3B and 708A Cleansing Notice
05/11/09	Initial Director's Interest Notice
05/11/09	Frank Brophy Joins GGP Board
02/11/09	Notice of Annual General Meeting and Proxy Form
02/11/09	September Quarterly Activities and Cashflow Report
30/10/09	2009 Annual Report
30/10/09	Partial Extinguishment of Convertible Note Debt
28/10/09	Private Placement and Conversion of Convertible Notes
27/10/09	Fausse Point Update
26/10/09	Change in substantial holding
20/10/09	Notification of Shortfall and App 3B and Section 708A Notice
15/10/09	Change of Directors' Interest x 3
08/10/09	Notification of Rights Issue Takeup
07/10/09	Investor Presentation
01/10/09	Response to ASX Price and Volume Query

#### 4.4 **Rights Attaching to Shares**

The Share to be issued pursuant to the exercise of the Option issued under this Prospectus will rank equally in all respects with existing Shares in the Company.

The following is a summary of the rights which attach to the Company's existing Shares:

**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 ASTC Settlement 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.

#### 4.5 **Terms and Conditions of Option**

The material terms and conditions of the Option to be issued under the Prospectus are as follows:

- (a) The Option entitles the holder to subscribe for one fully paid ordinary Share in the capital of Golden Gate at an exercise price of 8 cents.
- (b) The Option is exercisable at any time on or before on 31 August 2012 by completing a notice of exercise and delivering it to Golden Gate's share registry together with the payment for the Share in respect of which the Option is exercised.
- (c) The Share issued pursuant to the exercise of the Option 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 Listing Rules, Golden Gate will apply to ASX for official quotation of the Share issued upon exercise of the Option within three Business Days after the allotment of the Share.
- (d) There are no participating rights or entitlements inherent in the Option and the holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Option. However, Golden Gate will ensure that for the

purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. Golden Gate will also notify the holder of any proposed issue at least 5 Business Days before the record date. This will give the Option holder the opportunity to exercise their Option prior to the date for determining entitlements to participate in any such issue.

- (e) If there is a pro-rata issue of Shares to holders of Shares for which no consideration is payable by them (bonus issue), the number of Shares over which the Option is exercisable must be increased by the number of Shares which the holder of the Option would have received if the 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, the Option, the exercise price of the Option will be reduced according to the formula provided for 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 Golden Gate, the Option will be reorganised in a manner required by the ASX Listing Rules on a reorganisation of capital at the time of the reorganisation.

#### 4.6 Interest of Directors

##### *Directors' Holdings*

At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

<b>Director</b>	<b>Shares</b>	<b>Quoted Options</b>	<b>Unquoted Options Ex 35c on or before 20/10/10</b>
Stephen Graves	2,630,929 <sup>1</sup>	489,021	5,000,000
Sam Russotti	1,069,287 <sup>2</sup>	198,753	4,000,000
Frank Brophy	-	-	-
Frank Petruzzelli	2,039,817	379,149	2,000,000

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

*Note 2: 100,582 of these Shares are held by Mr Russotti on behalf of other people and are not beneficially owned by Mr Russotti.*

*Note 3: 1,000,000 of these Options are held by Mr Russotti on behalf of other people and are not beneficially owned by Mr Russotti.*

##### *Remuneration of Directors*

The existing board of Directors consists of a managing Director, and three non-executive Directors. Shareholders have approved the Company paying Directors' fees of up to a maximum of \$200,000 per annum to be divided between Directors as they see fit, until such time as any different amount is approved by Shareholders.

**Stephen Graves, Managing Director:**

- Term of agreement – The current consulting arrangement commenced on 4 February 2008 on a monthly basis. No terminations benefits and no notice period are specified in the consulting arrangement.
- Monthly salary of US\$25,000 is paid.
- In the two years to the date of this Prospectus, Mr Graves has been paid total remuneration (including superannuation and non-cash remuneration) of \$1,262,655.29, of this amount \$514,500 related to share based payments and \$12,484 related to provision of directors and officers insurance.

**Sam Russotti, Chairman:**

- Annual non executive fees of \$60,000 (inclusive of superannuation) are paid.
- In the two years to the date of this Prospectus, Mr Russotti has been paid total remuneration (including superannuation and non-cash remuneration) of \$554,683.62, of this amount \$243,400 related to share based payments and \$12,484 related to provision of directors and officers insurance.

**Frank Brophy, Non Executive Director:**

- Annual non executive fees of \$45,000 (inclusive of superannuation) are paid.
- In the two years to the date of this Prospectus, Mr Brophy has been paid or is owed total remuneration (including superannuation and non-cash remuneration) of \$9,375.

**Frank Petruzzelli, Non Executive Director:**

- Annual non executive fees of \$60,000 is paid.
- In the two years to the date of this Prospectus, Mr Petruzzelli has been paid total remuneration (including superannuation and non-cash remuneration) of \$259,644, of this amount \$121,700 related to share based payments and \$12,484 related to provision of directors and officers insurance.

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Options, options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the

Director is associated in connection with the formation or promotion of the Company or the Offer.

#### 4.7 **Interests of Named Persons**

Except as disclosed in this Prospectus, no expert, 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 the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Options, options or otherwise) have been paid or agreed to be paid to any expert, 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 the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Blakiston & Crabb have acted as solicitors to the Company in relation to this Prospectus. In respect of their work on this Prospectus, the Company will pay approximately \$4,000 (plus GST) for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately \$81,300 (plus GST).

#### 4.8 **Consents**

Blakiston and Crabb:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based, other than as specified in this Section 4.8; and
- (b) 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 that party as specified in this Section 4.8.

Blakiston and Crabb has consented to be named in this Prospectus as the solicitors to the Offer and has not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC.

#### 4.9 **Privacy Disclosure Statement**

The Company collects information about each Applicant from an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

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 and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, (including mailing houses), the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

#### **4.10 Market Prices of Shares on ASX**

The highest and lowest closing market sale prices of Options on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.023 on 20 October 2009 and \$0.012 on 21 December 2009. The latest available market sale price of Options on ASX immediately before the date of issue of this Prospectus was \$0.017 on 12 January 2010.

The highest and lowest closing market sale prices of Shares on ASX during the 3 months immediately preceding the date of this Prospectus and the respective dates of those sales were \$0.055 on 16 October 2009 and \$0.028 on 16 December 2009. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was \$0.041 on 19 January 2010.

#### **4.11 Expenses of the Offer**

The approximate expenses of the Offer including advisers' fees, ASIC and ASX fees, printing and distribution costs and other miscellaneous expenses, is \$7,500, which has been paid or is payable by the Company.

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 the issue of Option 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 Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 19 January 2010



---

Frank Petruzzelli  
Director

"\$" means Australian dollars, unless otherwise stated;

"**Application Form**" means the Application Form accompanying this Prospectus and "**Applicant**" and "**Application**" have comparative meanings;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Bullseye Capital Raising**" has the meaning set out in Section 1.1;

"**Bullseye Project**" means the Company's 42.5% working interest in the Bullseye Project which is located in Iberville Parish, Louisiana, USA;

"**Business Day**" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

"**Capital Raisings**" has the meaning set out in Section 1.1;

"**Capital Raising Options**" has the meaning set out in Section 1.1;

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

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

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

"**Listing Rules**" or "**ASX Listing Rules**" means the Listing Rules of ASX;

"**Offer**" means the issue pursuant to this Prospectus of 1 Option exercisable at \$0.08 on or before 31 August 2012, at an issue price of \$0.05 to raise \$0.05;

"**Option**" means an option that has been issued by the Company over an unissued Share;

"**Prospectus**" means this prospectus dated 19 January 2010;

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

"**WST**" means Australian Western Standard Time.



## Guide to the Golden Gate Petroleum Ltd Application Form

This Application Form relates to the offer of 1 Option in Golden Gate Petroleum Ltd at an issue price of \$0.05, pursuant to the Prospectus dated 19 January 2010. The expiry date of the Prospectus is the date that is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Company and it is advisable to read this document before applying for the Option. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Options you wish to apply for.
- B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Options applied for by the sum of **\$0.05**
- C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of your company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of the Australian Securities Exchange. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the Prospectus.
- H** Please complete cheque details as requested:  
Make your cheque payable to "Golden Gate Petroleum Ltd" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
- I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for an Option in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Options equal to or less than the number of Options indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

### Correct form of Registrable Title

Note that only legal entities are allowed to hold Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
<b>Individual</b> Use names in full, no initials	Mr John Alfred Smith	JA Smith
<b>Minor</b> (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
<b>Company</b> Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts</b> Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
<b>Deceased Estates</b> Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
<b>Partnerships</b> Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

### Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:

#### By Post:

Golden Gate Petroleum Ltd  
PO Box Z5184  
Perth WA 6831

#### By Hand:

Golden Gate Petroleum Ltd  
Level 21, Allendale Square  
77 St Georges Terrace  
PERTH WA 6000

**Application Forms must be received no later than 5.00 pm WST time on 22 January 2010.**