



GOLDEN GATE PETROLEUM LTD

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19 January 2011

Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENT ISSUE OF SHARES (and free attaching Options)

On 19 January 2011, Golden Gate Petroleum Ltd, ("the Company") announced a fully underwritten one (1) for five (5) entitlement issue of new Shares with free attaching Options in the Company at an issue price of 1.2 cents for each new Share ("Entitlement Issue").

The Entitlement Issue will result in the issue of 216,031,991 new Shares and 216,031,991 new listed Options in the Company and will raise an estimated \$2,592,384 if all entitlements are taken up (based on the Company's undiluted share capital as at the date of this letter).

Under the Entitlement Issue, every Shareholder with an Australian or New Zealand registered address ("Eligible Shareholders") who is registered as the holder of fully paid ordinary Shares in the capital of the Company at 5.00pm WST on 28 January 2011 ("Record Date") will be entitled to participate in the Entitlement Issue.

The funds raised from the Entitlement Issue will be applied towards:

- Funding the Company's leasing of the Permian Basin Assets;
- Exploration and development activities;
- Engineering services; and
- To meet the costs of the Entitlement Issue.

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 (\$2,314,083, being \$2,592,384 less costs of issue of \$278,301) 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.

It is anticipated the securities will be entered into uncertificated holdings on 25 February 2011.

The Entitlement Issue provides eligible Shareholders with an opportunity to increase their investment in the Company at an attractive price.

The Entitlement Issue Prospectus and the accompanying Entitlement and Acceptance and Application for Additional Shares Form will be sent to eligible Shareholders by 3 February 2011.

The Entitlement issue is open for acceptance by eligible Shareholders from 3 February 2011 until 5.00pm (WST) on 17 February 2011 (subject to the Directors varying the closing date in accordance with ASX Listing Rules). Please note that the Company's shares will be quoted on an "ex" basis from 21 January 2011, and therefore any share bought or sold on market on and from this date will not carry entitlements under the Entitlement Issue.

Shareholder approval is not required for the Entitlement Issue. Shares issued under the Entitlement Issue will be issued as fully paid and will rank equally with existing ordinary fully paid shares in the Company.

Fractions of a share will be rounded up to the nearest whole Share where the determination of an eligible Shareholder's entitlement under the Entitlement Issue results in a fraction. The total number and class of all securities quoted on ASX (including the maximum number of securities to be issued in the Entitlement Issue is as follows):

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

* This assumes no Options are exercised prior to the Record Date.

Options	Number
Exercisable at \$0.40 on or before 31 August 2011 (unlisted)	600,000
Exercisable at \$0.08 on or before 31 August 2012 (ASX:GGPO)	325,304,404
New Options offered pursuant to the Entitlement Offer (ASX:GGPO)	216,031,991
Total Options on issue after completion of the Entitlement Issue	541,936,395

The Company currently has no dividend policy.

The proposed timetable for the Entitlement Issue is set out below. The following dates are indicative only:

Lodgement of Prospectus with ASIC	19 January 2011
Notice sent to Shareholders	20 January 2011
Ex Date	21 January 2011
Record Date for determining Shareholder entitlements	28 January 2011
Prospectus despatched to Eligible Shareholders	03 February 2011
Closing Date of Offer	17 February 2011
Securities quoted on deferred settlement basis	18 February 2011
Notify ASX of under-subscriptions	22 February 2011
Despatch date / shares entered into Shareholders security holdings	25 February 2011

The Directors may extend the Closing Date by giving at least 6 Business Days' notice to ASX prior to Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

The above information was provided to ASX on 19 January 2011. The Prospectus is available to view on the ASX website and the Company's website, and will be posted to you by 3 February 2011.

If you have any queries concerning the Entitlement issue please contact the Company Secretary, Chris Bowyer on +61 3 9349 1488.

Yours faithfully,



Chris Bowyer

Company Secretary