



GOLDEN GATE PETROLEUM LTD

ABN 34 090 074 785

# NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

**Date of Meeting**

13 September 2011

**Time of Meeting**

10.00am (AEST)

**Place of Meeting**

Radisson Blu Plaza Hotel Sydney  
27 O'Connell Street,  
Sydney 2000

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

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

**NOTICE OF GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a General Meeting of Shareholders of Golden Gate Petroleum Ltd ABN 34 090 074 785 ('**Company**') will be held at the Radisson Blu Plaza Hotel Sydney, 27 O'Connell Street, Sydney NSW 2000 on Tuesday 13 September 2011 at 10.00am (AEDT).

The Explanatory Memorandum which accompanies this Notice of Meeting forms part of the Notice.

**AGENDA**

**ORDINARY BUSINESS**

**Resolution 1 – Ratification of the issue of 30,200,000 Convertible Notes**

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratifies the issue of 30,200,000 Convertible Notes in the Company on 30 June 2011 to professional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement**

*The Company will disregard any votes cast on Resolution 1 by any person who has participated in the issue the subject of Resolution 1 and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 2 –Ratification of the issue of 3,000,000 Shares**

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue 3,000,000 Shares on 22 March 2011 to Novus Capital Limited on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement**

*The Company will disregard any votes cast on Resolution 2 by any person who has participated in the issue the subject of Resolution 2 and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution 3 – Approval of proposed issue of Shares**

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

*"That for the purposes of Listing Rule 7.1 and for all other purposes, the Company approves the allotment and issue of up to \$2,500,000 worth of Shares, at an issue price of not less than 85% of the average market price of the Shares on ASX in the five Trading Days prior to the day the issue is made or, if there is a prospectus relating to the issue, over the five Trading Days prior to the date the prospectus is signed, and otherwise on the terms and conditions referred to in the Explanatory Memorandum."*

**Voting Exclusion Statement**

*The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By order of the Board,

A handwritten signature in black ink, appearing to read "C. Bowyer".

**Chris Bowyer**  
Company Secretary  
August 9 2011

## **INFORMATION FOR SHAREHOLDERS**

### **Attendance at the Meeting**

If you are planning to attend the meeting, please arrive at least 15 minutes before the Meeting time to facilitate registration.

### **Voting**

A member of the Company can vote by attending the Meeting and voting in person, by proxy or by authorised representative.

### **VOTING ENTITLEMENTS**

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, all Shares will be taken, for the purposes of this General Meeting, to be held by the persons who are the registered holders at 7.00pm (AEDT) on Sunday 11 September 2011. Accordingly, Share transfers registered after this time will be disregarded in determining entitlements to attend and vote at the Meeting.

### **VOTING BY PROXY**

- Completion of a proxy form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the General Meeting.
- A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies.
- Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
- A proxy need not be a member of the Company.
- A proxy appointed to attend and vote instead of a member has the same right as the member to speak and vote at the meeting on a show of hands and on a poll.
- Where a proxy is appointed by a member's attorney, the power of attorney together with the evidence of non-revocation must be lodged with the proxy form.
- A proxy form appointing for a corporation must be executed in accordance with Section 127 of the Corporations Act 2001.
- To be effective, proxy forms (and the power of attorney (if any) under which they are signed or proof thereof to the satisfaction of the directors) must be lodged at 566 Elizabeth Street, Melbourne, Victoria 3000 by 10.00am (AEDT) on 11 September 2011 (not less than 48 hours before the scheduled time of the Meeting). Alternatively, and if received or recorded by the same time, proxy forms (and the power of attorney (if any) under which they are signed or proof thereof to the satisfaction of the Directors) may be lodged by facsimile (+61 3) 9349 1186.
- Members of the Company who return their proxy forms but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. A form of proxy is enclosed with the Notice of General Meeting. An additional form will be supplied by the Company on request.

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

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of Golden Gate Petroleum Limited ("**Golden Gate**" or the "**Company**").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum and in the Notice. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

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

**RESOLUTION 1 – RATIFICATION OF THE ISSUE OF 30,200,000 CONVERTIBLE NOTES**

The Company previously announced on 28 June 2011 the issue of 30,000,000 Convertible Notes each with a face value \$0.05 to raise \$1,500,000. Subsequently, on 30 June 2011, the Company issued 30,200,000 Convertible Notes to raise \$1,510,000 before expenses. The purpose of the issue of the Convertible Notes is to raise funds to be used towards the Company's ongoing exploration and development program.

The full terms and conditions of the Convertible Notes are set out in Appendix A to this Explanatory Memorandum. Key terms of the Convertible Notes are set out below:

- the Convertible Notes mature on 30 June 2013;
- interest on the Convertible Notes will be payable by the Company at a rate of 11% per annum, payable quarterly in arrears;
- the Convertible Notes are unsecured;
- the Convertible Notes may be converted by the holder of the Convertible Notes ("**Noteholder**") into Shares at any time prior to the maturity date of 30 June 2013, at a conversion rate equal to the lesser of \$0.05 and 85% of the 10 day VWAP of the Shares as traded on ASX on the 10 days prior to the date the Company receives notice from the Noteholder of the conversion;
- any unconverted Convertible Notes will be repaid at maturity;
- the Company can redeem the Convertible Notes at any time by giving 30 days written notice.

At the date of this Explanatory Memorandum a total of 3,400,000 Convertible Notes have been converted by Noteholders. These Convertible Notes were converted at an average conversion rate of \$0.0102. A total of 16,628,962 Shares have been issued as a result of these conversions.

Under Listing Rule 7.1, the Company is permitted to issue securities which represent up to 15% of the Company's equity securities on issue within any 12 month period without needing to obtain Shareholder approval. Whilst Shareholder approval for the issue of the Convertible Notes was not required at the time of the issue, the effect of the issue is to reduce the Company's capacity to issue additional equity securities in the future without Shareholder approval.

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

The Company wishes to seek Shareholder ratification of the issue of the Convertible Notes the subject of Resolution 1 for the purposes of Listing Rule 7.4 in order to renew the Company's capacity to issue up to 15% of the equity securities of the Company on issue in the next 12 month period without requiring Shareholder approval.

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

- (a) The total number of Convertible Notes issued was 30,200,000.
- (b) The Convertible Notes were issued at an issue price of \$0.05 per Convertible Note.
- (c) The full terms and conditions of the Convertible Notes are set out in Appendix A to this Explanatory Memorandum. A summary of the key terms of the Convertible Notes is provided above
- (d) The purpose of the issue of the Convertible Notes is to raise funds to facilitate the ongoing exploration and development activities of the Company in Texas and Louisiana, USA.
- (e) The allottees of the Convertible Notes are set out below. All of the allottees were sophisticated, professional and other investors who were exempted from the disclosure provisions under section 708 of the Corporations Act. None of the allottees were related parties of the Company.

<b>Convertible Noteholder</b>	<b>No of Convertible Notes</b>
Mr C & Mrs N Hoffman	6,000,000
Mr M Houang	2,000,000
Siremo Pty Ltd	6,000,000
Mr F Care	400,000
Global Income Strategies Pty Ltd	500,000
Mrs R Hill	200,000
Mr S Van Es	1,000,000
Earthrowl Superannuation Pty Ltd (Earthrowl S/F A/C)	800,000
Terebration Pty Ltd (Pease Med Pract Super A/C)	2,000,000
Mr A Wood	500,000
Mr R & Mrs P Gerrish	200,000
Mr S & Mrs K Clarke (Clarke Super Fund A/C)	400,000
Mr T Booth (Cedrus Libani Super Fund A/C)	2,000,000
Supafaha Pty Ltd (Supafaha Super Fund A/C)	4,000,000
Cooinda Corporation Pty Ltd (John Price Super Fund)	1,000,000
Colvic Pty Ltd	3,200,000
	30,200,000

The Board recommends Shareholders vote in favour of Resolution 1 as it will permit the ratification of the issue of Convertible Notes which will allow the Company to retain the flexibility to issue further equity securities representing up to 15% of the Company's issued capital during the next 12 months.

## **RESOLUTION 2 – RATIFICATION OF THE ISSUE OF 3,000,000 SHARES**

On 22 March 2011, the Company issued 3,000,000 Shares to Novus Capital Limited under the Company's 15% placement capacity pursuant to Listing Rule 7.1 ("**Novus**"). The Shares were issued as consideration for underwriting services provided by Novus in relation to the entitlements issue conducted by the Company pursuant to a prospectus released by the Company on 19 January 2011, and which raised \$2,592,384.

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

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

The Company wishes to seek Shareholder ratification for the issue of 3,000,000 Shares issued to Novus for the purposes of Listing Rule 7.4 in order to renew the Company's capacity to issue up to 15% of the equity securities of the Company on issue in a 12 month period.

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

- (a) The number of Shares allotted was 3,000,000 Shares.
- (b) The Shares were issued as consideration for underwriting services provided by Novus, at a deemed value of \$0.012 per Share.
- (c) The Shares issued were fully paid ordinary Shares in the Company and rank equally with the Company's existing issued Shares.
- (d) The allottee of the Shares was Novus. Novus is not a related party of the Company;
- (e) There were no funds raised from the issue of the Shares.

The Board recommends Shareholders vote in favour of Resolution 2 as this will allow the Company to retain the flexibility to issue further equity securities representing up to 15% of the Company's issued share capital during the next 12 months.

## **RESOLUTION 3 – APPROVAL OF THE PROPOSED ISSUE OF SHARES**

The Company intends to shortly commence a drilling program on its oil and gas projects located in the Permian Basin, Texas, USA and in Louisiana, USA.

Pursuant to Resolution 3, the Company seeks Shareholder approval for the allotment and issue of a maximum of \$2,500,000 worth of Shares to institutional and sophisticated investors to assist in funding these drilling programs. The Shares will be issued at a price not less than 85% of the average market price of the Shares on ASX in the five Trading Days prior to the day the issue is made or, if there is a prospectus relating to the issue, over the five Trading Days prior to the date the prospectus is signed.

The Shares the subject of Resolution 3 will be issued within 3 months from the date of the General Meeting (or a longer period if extended by way of ASX granting a waiver to the Listing Rules). The Shares to be issued will be fully paid ordinary shares in the Company and will rank equally in all respects with the Company's existing fully paid ordinary shares on issue.

As noted above, Listing Rule 7.1 requires Shareholder approval to the proposed issue of securities in the Company.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's securities then on issue. If Resolution 3 is passed, it will provide the Company with the flexibility to issue further equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of Shares to be issued is the number of Shares which, when multiplied by the issue price, equals \$2,500,000. The issue price is set out in paragraph (d) below.
- (b) The Shares issued will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing Shares on issue.
- (c) The Shares will be allotted and issued no later than 3 months after the date of this general meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules.
- (d) The Shares will be issued at a minimum issue price of no less than 85% of the average market price of the Shares in the five Trading Days prior to the day the issue is made or, if there is a prospectus relating to the issue, over the five Trading Days prior to the date the prospectus is signed.
- (e) The Shares will be allotted progressively.
- (f) At the date of this Explanatory Memorandum, the names of the proposed allottees are not known and the quantity of the Shares to be issued to each allottee are not known. The Company intends (but without limitation) to issue Shares to professional, sophisticated and other investors who are exempt from the disclosure requirements of Chapter 6D of the Corporations Act so that any offer of Shares will not require a disclosure document. The Shares will not be issued to Directors or other related parties of the Company. Any Shareholder who votes on this Resolution will not be able to participate in the proposed issue of Shares.
- (g) The purpose of the raising is to fund the exploration and development activities of the Company's operations in Texas and Louisiana, USA. The Company anticipates that the funds raised will be used as follows:

Drilling & Completion Costs – Permian Basin Project	\$2,000,000
Drilling & Completion Costs – Other projects	\$500,000
	\$2,500,000

The above proposed use of funds is subject to ongoing review and evaluation by the Company and the actual use of funds raised may change depending on the outcome of the programs as they proceed.

The Board recommends Shareholders vote in favour of Resolution 3 as this will allow the Company to retain the flexibility to issue further equity securities representing up to 15% of the Company's issued share capital during the next 12 months.

**Enquiries** – Shareholders are invited to contact Mr Chris Bowyer, Company Secretary, on (+61 3) 9349 1488 if they have any queries in respect of the matters set out in these documents.

## GLOSSARY

**"AEST"** means Australian Eastern Standard Time;

**"ASX"** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

**"Board"** means the Board of Directors;

**"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;

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

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

**"Convertible Notes"** means convertible notes in the Company, the terms and conditions of which are set out in Appendix A to the Explanatory Memorandum;

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

**"Director"** means a Director of the Company;

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

**"General Meeting"** or **"Meeting"** means the general meeting the subject of the Notice;

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

**"Notice"** or **"Notice of Meeting"** means the Notice of General Meeting accompanying this Explanatory Memorandum;

**"Resolution"** means a resolution the subject of the Notice;

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

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

**"Trading Day"** has the meaning given to it in the Listing Rules.

## Appendix A

### CONVERTIBLE NOTE CONDITIONS

#### 1. THE CONVERTIBLE NOTE ISSUE

##### 1.1 Terms

The Convertible Notes will:

- (a) have a face value of \$0.05 each;
- (b) be issued to an investor who falls within one of the exemptions contained in section 708 of the Corporations Act from the general requirement set out in section 706 of the Corporations Act that the issue of securities to investors occur by way of a disclosure document;
- (c) bear interest as set out in clause 2;
- (d) be redeemed in accordance with clause 3;
- (e) be unsecured; and
- (f) be convertible into Shares, as provided in clause 4.

##### 1.2 Voting

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

##### 1.3 Entry in Register

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

##### 1.4 Noteholder Warranties

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

#### 2. INTEREST AND TAX

##### 2.1 Interest Rate

- (a) Interest will be payable on the Convertible Notes at the rate of 11% per annum.
- (b) Interest will accrue quarterly on and from the Nominated Date through to the Maturity Date, unless the Convertible Notes are converted, in which case interest will accrue daily on and from the Nominated Date through to the Conversion Date and will be paid quarterly in arrears.

- (c) Interest will be paid quarterly in arrears on 31 December, 31 March, 30 June and 30 September each year prior to the Maturity Date. Interest will be credited to the account nominated in Schedule 2. If no account nominated, interest will be paid by cheque. In the event that a Noteholder elects to convert any or all of its Convertible Notes to Shares, any accrued interest on those Convertible Notes converted into Shares will be paid within 5 Business Days of the Conversion Date.

## 2.2 **Withholding Tax**

If the Company or any other person, whether or not affiliated with the Company, is required by law to deduct or withhold any taxes from any payment hereunder or upon the event of Conversion under clause 5 hereof, the Company must:

- (a) make or cause to be made, as the case may be, the required deductions or withholdings, as the case may be;
- (b) pay, or cause to be paid, as the case may be, in accordance with the relevant law the full amount deducted or withheld; and
- (c) deliver to the Noteholder the receipt for each payment or deduction.

## 3. **REDEMPTION**

### 3.1 **Redemption**

The Convertible Notes will be redeemed by the Company in the following circumstances (each a "**Redemption Event**"):

- (a) at any time at the absolute discretion of the Company on 30 days written notice;
- (b) at any time after the Maturity Date at the absolute discretion of the Company if the Noteholder has not elected to convert the Convertible Notes by the Maturity Date; or
- (c) if an Event of Default occurs, the Noteholder may, in its sole discretion, call on the Company to redeem the Convertible Notes, provided it gives to the Company a written notice of redemption.

The Company will give notice to the Noteholder if it elects to redeem the Convertible Notes pursuant to clauses 3.1(a) or (b) ("**Redemption Notice**").

### 3.2 **Timing of Redemption**

Where a Redemption Event occurs in accordance with clause 3.1, the Company will deliver to the Noteholder within 10 Business Days of the Company issuing a Redemption Notice or the Noteholder issuing a notice under clause 3.1(c), a cheque, draft, deposit or electronic funds transfer in favour of the Noteholder or such other person as the Noteholder will have directed the Company in writing, for the Redemption Amount.

### 3.3 Exclusion

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

## 4. CONVERSION

### 4.1 Conversion

- (a) The Noteholder may elect to convert the Convertible Notes at any time from the Nominated Date to the Maturity Date, subject to compliance with paragraph 4.1(d).
- (b) The Noteholder may not elect to convert a Convertible Note if the Noteholder has already received notice of the Company's election to redeem that Convertible Note in accordance with clause 3.1.
- (c) The Noteholder may only elect to convert its Convertible Notes in parcels of 100,000 Convertible Notes or multiples of 100,000 Convertible Notes or, if the Noteholder holds less than 100,000 Convertible Notes the number of Convertible Notes held by the Noteholder.
- (d) The Noteholder shall provide the Company with a Conversion Notice to notify the Company that the Noteholder elects to convert the Convertible Notes held by that Noteholder.
- (e) If the Noteholder has elected to convert the Convertible Notes in accordance with clause 4.1(a), the Company will proceed to issue and allot to the Noteholder that number of Shares as calculated in accordance with clause 4.3.
- (f) The issue and allotment of Shares on conversion pursuant to this clause will be and be deemed for all purposes to be in full satisfaction and discharge of the Principal Amount of the Convertible Notes, being the amount owing to the Noteholder pursuant to the Convertible Notes.
- (g) The Shares issued and allotted upon the conversion pursuant to this clause will rank equally in all respects with all issued ordinary shares in the capital of the Company at the Conversion Date.
- (h) Where the Convertible Notes are converted the Company will make application for official quotation by the ASX of all Shares issued and allotted upon the conversion pursuant to this clause or as soon as reasonably practicable after Shares are so issued and allotted.
- (i) Where official quotation to the ASX is sought for the Shares pursuant to clause 4.1(g), the Company will, subject to being able to comply with section 708A(5) of the Corporations Act, use its best endeavours to issue a cleansing notice pursuant to section 708A(5)(e) of the Corporations Act.
- (j) Within 10 Business Days of the issue and allotment of Shares to the Noteholder upon the conversion pursuant to this clause, the Company will deliver to the Noteholder a shareholding statement in respect of the fully paid Shares so issued and allotted.

#### 4.2 **Conversion Price**

The Conversion Price shall be the lesser of: \$0.05 per Share; or

85% of the previous 10 day volume weighted average price of the Company's shares on ASX calculated from the date that the Company receives the Conversion Notice.

#### 4.3 **Conversion Rate**

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

#### 4.4 **Conversion Date**

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

#### 4.5 **No Other Rights of Conversion**

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

#### 4.6 **Shares Allotted on Conversion**

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

#### 4.7 **Reconstruction**

- (a) If there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Convertible Notes set out in clause 4.2 will be reconstructed in the same proportion as the issued capital of the Company is reconstructed, and will be in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital), nor any benefits being taken away from the Noteholder, but in all other respects the terms for conversion of the Convertible Notes will remain unchanged.
- (b) The adjustments in this clause 4.7 will be determined by the Company in accordance with Listing Rule 7.21.

#### 4.8 **Entitlement Issue**

If the Company undertakes a pro rata entitlement issue at any time during the period subsequent to the issue of the Convertible Notes and prior to the Maturity Date and the Convertible Notes have not been converted or redeemed, as the case

may be, the Noteholder shall be entitled to participate in the issue by conversion of the Convertible Notes prior to such record date set by the Company. The Company shall give the Noteholder at least 10 Business Days' notice of such record date to afford the Noteholder the opportunity to convert the Convertible Notes for the purposes of participating in the issue.

## **5. BONUS SHARE ALLOTMENT**

Subject to the Listing Rules, if, while any Note remains capable of being converted, there is a bonus share issue to the holders of Shares ("**Bonus Issue**"), the number of Shares to be issued on conversion of the Notes will be increased by the number of Shares which the Noteholder would have received if the Notes had been converted immediately before the record date for the Bonus Issue ("**Bonus Shares**").

The Bonus Shares must be issued free or paid by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and, on issue, rank equally in all respects with the other shares of that class at the date of issue of the Bonus Shares.

## **6. FOREIGN HOLDERS**

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

## **7. CONVERSION TO VOTING SHARES PRECLUDED**

### **7.1 Breaches of Law**

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

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

### **7.2 Statutory Declaration**

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

## **8. REGISTRATION OF TRANSFERS**

### **8.1 Transfer**

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

### **8.2 Transfer Form**

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

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

### **8.3 Recording Transfers**

The Company will promptly upon being satisfied with the transfer form, the information lodged therewith, the identity of the transferor and the transferee and the due compliance with such reasonable regulations as the Company may determine from time to time, accept the application contained in the transfer form by making an inscription in the Register recording the transfer of the Convertible Notes.

### **8.4 Registration**

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

### **8.5 Administration**

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

- (c) The Company will not register the transfer of the Convertible Notes on or after its Maturity Date.

#### 8.6 **Directions**

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

#### 8.7 **Transmission**

Subject to clause 8.1, a person becoming entitled to the Convertible Notes as a consequence of the death or bankruptcy of the Noteholder or of a vesting order or a person administering the estate of the Noteholder may, upon producing such evidence as to that entitlement or status as the Company considers sufficient, transfer the Convertible Notes or, if so entitled, become registered as the holder of the Convertible Notes.

#### 8.8 **No Registration Fee**

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

#### 8.9 **Non-Registration of Third Party Interests**

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

#### 8.10 **Person registered**

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

## 9. OBLIGATIONS OF THE COMPANY

- 9.1 For so long as any Convertible Notes are outstanding, the Company must:
- (a) carry on and conduct its business in a proper and efficient manner;
  - (b) keep proper books of account;
  - (c) comply with its obligations under the Corporations Act and the Listing Rules; and
  - (d) subject to compliance with the Corporations Act and the Listing Rules, issue Shares on conversion of the Convertible Notes in accordance with the terms of this Agreement.
- 9.2 A breach by the Company of its obligations under clause 9.1 shall constitute an Event of Default.

## 10. DEFINED TERMS

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

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

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

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

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

"Constitution" means the Constitution of the Company;

"Conversion Date" has the meaning set out in clause 4.4;

"Conversion Price" has the meaning set out in clause 4.2;

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

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

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

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

- (a) (unremedied default in payment) if the Company makes default in the payment of the Redemption Amount, any interest payable on the Convertible Notes or any other moneys payable to the Noteholder under these Conditions and that default continues unremedied by the Company for a period of 21 days after demand for those moneys is made by the Noteholder;

- (b) (unremedied material breach) if the Company commits a material breach of a covenant, condition or obligation imposed on it by these Conditions or the Agreement and that breach has not been remedied within 21 days of receiving notice of the breach from the Noteholder requiring that breach to be remedied;
- (c) (breach of law): if the Convertible Notes cannot be converted without breaching an applicable law;
- (d) (winding up) if an order is made for the winding-up or dissolution of the Company or a resolution is effectively passed by the Company for the winding up or dissolution of the Company (otherwise than for the purpose of a reconstruction or amalgamation which has the prior written consent of the Noteholder);
- (e) (insolvency) if the Company is or becomes unable to pay its debts when they are due within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
- (f) (receiver) a receiver, receiver and manager, trustee, administrator, other Controller (as defined by the Corporations Act) or similar official is appointed over any of the assets or undertaking of the Company and is not removed within 10 Business Days; and
- (g) (deregistration) a notice under section 601AB of the Corporations Act is given to, or an application under section 601AA is made by, or in respect of the Company;
- (h) (incorrect statement or representation) a statement, representation or warranty made by or on behalf of the Company in connection with the Convertible Notes is untrue, incorrect or misleading in a material respect when made or repeated;
- (i) (third party default) the holder of any security given at any time over any assets of the Company becomes entitled to exercise any powers arising on default pursuant to that security or otherwise take action to enforce that security; or
- (j) (cessation from official list) the Company ceases to be admitted to the official list of ASX; and
- (k) (litigation) if legal proceedings are threatened or commenced against the Company, which if adversely determined would or could have a material adverse effect on the business assets or financial condition of the Company.

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

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

- (a) a Conversion Date; or
- (b) 30 June 2013.

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

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

"Principal Amount" means up to \$2,000,000

"Redemption Amount" means the amount equal to face value of the Convertible Note multiplied by the number of Convertible Notes being redeemed by the Company plus any accrued but unpaid interest;

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

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

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

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

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

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



# GOLDEN GATE PETROLEUM LTD

ABN 34 090 074 785

## PROXY FORM

### Shareholder's Name and Address

Please write your name(s) above

Please write your address above

### Appointment of Proxy

I/We being a member/members of Golden Gate Petroleum Limited and entitled to attend and vote hereby appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairman see fit) at the General Meeting of the Company to be held at the Radisson Blu Plaza Hotel Sydney, 27 O'Connell Street, Sydney, NSW 2000, 13 September 2011, at 10.00 am (AEST) (and at any adjournment thereof).

the Chairman of the meeting

or

(mark with an "X")

Name and address of person you are appointing as your first proxy and/or

### Appointing a Second Proxy

Name and address of person you are appointing as your second proxy

Proxy 1 is appointed to represent \_\_\_\_\_% of my voting right, or if 2 proxies are appointed,

Proxy 1 represents \_\_\_\_\_% and Proxy 2 represents \_\_\_\_\_% of my total votes.

My total voting right is \_\_\_\_\_ shares.

**Note:** If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

Please mark with an "X" to indicate your directions

- 1 Ratification of the Issue of 30,200,000 Convertible Notes
- 2 Ratification of the Issue of 3,000,000 Shares
- 3 Approval of Proposed Issue of Shares

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

The Chairman intends to vote in favour of each of the Resolutions.

Contact e-mail address

Contact telephone number

Signature(s)

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Secretary

Director

Director/Company Secretary

Proxies may be lodged either by facsimile on (+61 3) 9349 1186, by mail to PO Box 12883 A'Beckett Street, Melbourne, 8006, Victoria or delivered in person to the registered office of the Company at 566 Elizabeth Street, Melbourne, Victoria 3000. To be valid, a proxy form must be received by the Company no later than 10am (AEST) on 11 September 2011 (48 hours before the time appointed for the General Meeting). For assistance in completing this form, please refer to the rear of this form.

## **INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM**

### **Shareholders Name**

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

### **Appointment of Proxy**

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

### **Vote on Resolutions**

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the percentage or number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses.

### **Appointing a Second Proxy**

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If a Shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.

### **Contact e-mail address/telephone number**

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

### **Signature(s)**

Each Shareholder must sign this form as follows in the spaces provided:

Individual	Where the holding is in one name, the holder must sign.
Joint Holding	If your shares are held in joint names, all Shareholders must sign in the boxes
Power of Attorney	If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form.
Companies	Only duly authorised officers can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### **Delivery of Proxy**

To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting, that is by 10.00 am **(AEST)** on **11 September 2011**, by post, facsimile or in person to the respective addresses stipulated on the proxy form.

### **Chairman's Voting Intentions**

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