



GOLDEN GATE PETROLEUM LTD

(A B N 3 4 0 9 0 0 7 4 7 8 5)

566 Elizabeth Street,
Melbourne 3000
Victoria Australia

Telephone: +61 3 9349 1488
Facsimile: +61 3 9349 1186



PO Box 12883
A'Beckett Street Post Office
Melbourne 8006
Victoria Australia

Email: admin@ggpl.com.au
Website: www.ggpl.com.au

19 January 2011

Dear Option holder,

ENTITLEMENT ISSUE OF SHARES (and free attaching Options)

Golden Gate Petroleum Ltd ("GGP or the Company") has announced a fully underwritten one (1) for five entitlement issue of new shares with free attaching options in the Company at an issue price of 1.2 cents per new GGP share ("Entitlement Issue").

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

Under the Entitlement Issue, every person with an Australian and New Zealand registered address who is registered as the holder of fully paid ordinary share in the capital of GGP ("Shares") at 5.00pm WST on 28 January 2011 ("Record Date") will be entitled to participate in the Entitlement Issue in respect of the number of Shares that person is then registered as the holder of.

Accordingly, to be eligible to participate in the Entitlement Issue in respect of the GGP Shares to be issued on exercise of the GGP options you hold, you must exercise those GGP options and be registered as the holder of the underlying GGP Shares before the Record Date.

Please note that, the Company has determined pursuant to Listing Rule 7.7.1(a) of the Listing Rules of ASX Limited ("ASX Listing Rules"), that it is unreasonable to make an offer pursuant to the Entitlement Issue to shareholders outside of Australia and New Zealand. Therefore, in compliance with ASX Listing Rule 7.7.1(b), the Company is not required to make offers pursuant to the Entitlement Issue to shareholders registered outside of Australia and New Zealand. **Accordingly, an option holder who has a registered address outside of Australia and New Zealand will not be able to participate in the Entitlement Issue upon exercise of their options.**

The purpose of this letter is to comply with the ASX Listing Rules by advising you of the impending Entitlement Issue and to give you adequate opportunity to exercise some or all of your GGP options prior to the Record Date so that you may participate in the Entitlement Issue.

To exercise some or all of your GGP options you will need to give notice in writing to GGP in accordance with the terms and conditions of issue of your GGP options, together with payment of the exercise price for each GGP option exercised.

Option exercise notices must be received by no later than 5.00pm WST on 28 January 2011.

You are encouraged to read the Prospectus that was lodged with ASX on 19 January 2011 fully before exercising any of your options. The Prospectus is available to view on the ASX website or the Company's website. If you have any queries in relation to the exercise of your options and the Entitlement Issue, you should contact your stockbroker or other professional adviser.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'C Bowyer', written in a cursive style.

Chris Bowyer
Company Secretary