

GOLDEN GATE PETROLEUM LTD

ACN 090 074 785

PROSPECTUS

This Prospectus has been issued to facilitate the secondary trading of 54,799,999 Options issued pursuant to a Placement. It has also been issued to provide information on the Offer of one (1) Option for no consideration.

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 23 November 2010.

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Chris Bowyer

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

566 Elizabeth Street
Melbourne 3000
Telephone: 61 3 9349 1488
Facsimile: 61 3 9349 1186

AUDITOR

Until 12 Nov 2010

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

After 12 Nov 2010

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

SOLICITORS TO THE COMPANY

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

SHARE REGISTRY

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

*Provided for information purposes only.

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Important Notes and Statements

This Prospectus is dated 23 November 2010. A copy of this Prospectus was lodged with ASIC on 23 November 2010. Neither ASIC nor 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 22 October 2010, the Company announced that it was acquiring 100% of the leases held by Arturus Capital Ltd (ASX:AKW) in the prolific hydrocarbon producing area of the Permian Basin in Reagan and Irion Counties, Texas. The leased acreage covers 8,806 gross acres. In addition, the Company continues to work on acquiring additional acreage in the same area from private third parties to complement the lease position being acquired from AKW.

The Company is undertaking capital raisings up to a total of \$4.75 million, with the proceeds of the raisings to facilitate the acquisition and appraisal program of the leasehold position ("**Capital Raisings**").

The Capital Raisings will be undertaken in two tranches:

1. A placement of 91,333,332 Shares at an issue price of \$0.012 cents per Share and 91,333,332 free attaching listed Options (ASX:GGPO) with an exercise price of \$0.08 cents and an expiry date of 31 August 2012 to raise approximately \$1,100,000 ("**Placement**"), with Novus Capital Ltd to act as financial adviser and lead manager of the Placement; and
2. A fully underwritten pro rata non-renounceable entitlement issue of one (1) Share for every three and a half (3.5) Shares held by Shareholders, post the Placement, for the issue of up to 304,902,845 Shares and 304,902,845 listed Options (ASX:GGPO) at an issue price of \$0.012 per Share to raise approximately \$3,650,000 ("**Entitlement Issue**") before costs. The Entitlement Issue will be fully underwritten by Novus Capital Ltd.

Under ASX Listing Rule 7.1 the Directors have the ability to place 15% of the Company's equity securities in any 12 month period without Shareholder approval, except in certain specified circumstances.

The Directors intend to use this ability to issue clients of Novus Capital Ltd 91,333,332 Shares and 54,799,999 free attaching listed Options (ASX:GGPO). In a forthcoming General Meeting of the Company the Directors will seek Shareholder approval to ratify the issue of these Placement securities.

The balance of the 36,533,333 free attaching listed Options will be issued subject to Shareholder approval at the forthcoming General Meeting.

This Prospectus has been issued to facilitate secondary trading of the 54,799,999 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 the Placement Options to on-sell those Options within 12 months of their issue.

The board of the Company considers that persons that have been issued with any Placement Options should be entitled, should they wish, to on-sell their Placement 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 one (1) Option exercisable at \$0.08 on or before 31 August 2012.

1.3 Opening and Closing Dates

The Offer will open for receipt of acceptances at 9.00am AEDT on 24 November 2010 and will close at 5.00pm AEDT on 26 November 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 one (1) Option.

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.

Completed Application Forms must be lodged in person or by post with the Company:

By Hand:

Golden Gate Petroleum Ltd
566 Elizabeth Street
Melbourne Vic 3000

By Post:

Golden Gate Petroleum Ltd
PO Box 12883 A'Beckett Street Post Office
Melbourne 8006

Applications must be received by 5.00 pm AEDT on 26 November 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 Options

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 29 November 2010.

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.

1.8 **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.

1.9 **Use of Funds**

There will be no funds raised from the Offer, other than if the Option that is to be issued is subsequently exercised into a Share.

Funds raised from the Placement will be used to facilitate the acquisition of the Permian Basin leases from Arturus Capital Limited and the appraisal program of the leasehold position, and 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 decrease by the expenses of 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 289,371,069 (taking into account the 54,799,999 Options to be issued pursuant to the Placement) to 289,371,070.

2.2 Balance Sheet and Capital Structure

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

- (a) reduce cash reserves by \$7,500;
- (b) and reduce share equity by \$7,500.

**Unaudited Pro-Forma Consolidated Balance Sheet
Reflecting the Offer**

	30 June 2010 (audited) \$	30 June 2010 pro-forma (unaudited) \$
Current assets		
Cash & cash equivalents	7,584,416	7,576,916
Trade & other receivables	1,157,760	1,157,760
Prepayments	59,188	59,188
Total current assets	8,801,364	8,793,864
Non-current assets		
Trade & other receivables	282,960	282,960
Plant and equipment	46,746	46,746
Exploration and evaluation expenditure	3,754,263	3,754,263
Oil & gas production	5,876,652	5,876,652
Total non-current assets	9,960,621	9,960,621
Total assets	18,761,985	18,754,485
Current liabilities		
Trade & other payables	1,901,478	1,901,478
Prepayments	1,894,178	1,894,178
Provisions	85,578	85,578
Total current liabilities	3,881,234	3,881,234
Non current liabilities		
Provisions	813,528	813,528
Total non current liabilities	813,528	813,528
Total liabilities	4,694,762	4,694,762
Net assets	14,067,223	14,059,723
Equity		
Contributed equity	86,365,141	86,357,641
Reserves	11,325	11,325
Accumulated losses	(72,309,243)	(72,309,243)
Total equity	14,067,223	14,059,723

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:

Options	Number
Unquoted Options on issue (exercisable at \$0.40 each on or before 31 August 2011) as at date of this Prospectus	600,000
Quoted Options on issue as at date of this Prospectus – same class as the Option to be issued under this Prospectus	233,971,070
Options issued pursuant to the Placement	54,799,999
Option to be issued under this Prospectus	1
Total Options on issue after the Prospectus	289,371,070

The Company will have 1,067,159,955 Shares on issue following the Placement and the Offer (the number of Shares on issue will remain unchanged following the Offer pursuant to this Prospectus).

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

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

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

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

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

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

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

3.2 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.

3.3 **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.

3.4 **Reliance on Key Personnel**

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

3.5 **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.

3.6 **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.

3.7 **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.

3.8 **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.

3.9 **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.

3.10 **Regulatory**

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

3.11 **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.

3.12 **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.

3.13 **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 securities 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 Options 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 2010; 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 2010 and before the issue of this Prospectus:

Date	Details of Announcement
18/11/2010	Change of Director's Interest Notice - Brophy
18/11/2010	Appendix 3B – Issue of Options to a Director
15/11/2010	Successful Dugas & Leblanc #2 Test
12/11/2010	Results of Annual General Meeting
12/11/2010	Managing Director's Presentation
12/11/2010	Chairman's Address to Shareholders
11/11/2010	Dugas & Leblanc #2 Testing Update
08/11/2010	Appendix 3B

Date	Details of Announcement
08/11/2010	Dugas & Leblanc #2 Testing Update – Oil Present
01/11/2010	Expiry of Options and Change of Director’s Interest Notices
29/10/2010	AGM and Proxy Form Reminder
29/10/2010	Quarterly Activities and Cash Flow Report
22/10/2010	Acquisition of Permian Basin Leases / \$4.6m Equity Raising
20/10/2010	Permian Assets Negotiation Terminated
20/10/2010	Reinstatement to Official Quotation
20/10/2010	Napoleonville Well Drilling Update
19/10/2010	Napoleonville Well Drilling Update – Gas Shows
19/10/2010	Suspension from Official Quotation
18/10/2010	Annual Report 2010
18/10/2010	Napoleonville Well Drilling Update
15/10/2010	Trading Halt
14/10/2010	Napoleonville Well Drilling Update
13/10/2010	Amended Header Napoleonville Drilling Update
13/10/2010	Napoleonville Well Spudded
08/10/2010	Napoleonville Well Spudded
08/10/2010	Silverwood Oil Sales and Production Update
07/10/2010	Notice of Annual General Meeting / Proxy Form
06/10/2010	Napoleonville Operations Update – Next Well to Spud
01/10/2010	Napoleonville Operations Update
29/09/2010	Full Year Statutory Accounts

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.

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 and the Options issued pursuant to the Placement are as follows:

- (a) Each 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) Each Option is exercisable at any time on or before 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) Each Share issued pursuant to the exercise of an 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 the 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 Acquisition Agreement between the Company and Arturus Capital Ltd

Pursuant to the binding Acquisition Letter Agreement between the Company and Arturus Capital Ltd ("**Arturus**") dated 21 October 2010, the Company agreed to purchase all of the right, title and interest of Arturus Energy LLC (a wholly owned subsidiary of Arturus) under the "Caledonian Agreement", which includes 100% of the working interest in a number of leases located in the Permian Basin in Regan and Irion Counties, Texas. The leased acreage covers 8,806 gross acres. All lease rentals in respect of the leases have been paid until 24 March 2013. Arturus must procure that Arturus LCC sells, assigns and delivers its interest in the assets to the Company free of all encumbrances, including any warranties of title or condition which may flow to Arturus LLC from any predecessors in title.

In consideration for this acquisition, the Company agreed to issue Arturus (or its nominees) a total of 196,000,000 Shares plus a payment of US\$2,000,000 cash. A refundable deposit was paid to Arturus as part of the cash consideration on 2 August 2010. The remaining balance of \$1,500,000 is to be paid by the later of 3 months after execution of the Letter Agreement or satisfaction of the conditions.

The Letter Agreement is conditional upon:

- obtaining all necessary regulatory and shareholder approvals (as required under the ASX Listing Rules and the Corporations Act 2001); and
- release by Arturus of a 3% royalty over-ride burden over the leases prior to settlement to ensure the Company receives 75% of the net revenue interest in the leases.

The Letter Agreement may be terminated if the conditions are not satisfied or waived within 4 months of execution. In the event of termination, the refundable deposit will be repaid to the Company.

4.7 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:

Director	Shares	Quoted Options	Unquoted Options
Stephen Graves	2,802,542 ¹	489,021 ¹	-
Sam Russotti	1,069,287 ²	198,753 ³	-
Frank Petruzzelli	2,371,374 ⁴	379,149 ⁴	-
Frank Brophy	-	2,000,000	-
Total	6,243,203	3,066,923	-

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

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

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

Note 4: 811,492 of these Shares and 89,208 of these Quoted Options are held by the F & A Petruzzelli Super Fund,

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 non- executive 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\$40,000 is paid.
- In the past two financial years and for the period from July 1 2010 to the date of this Prospectus, Mr Graves has been paid total remuneration (including superannuation and non-cash remuneration) of \$1,273,578, of this amount \$307,290 related to share based payments and \$11,692 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 past two financial years and for the period from July 1 2010 to the date of this Prospectus, Mr Russotti has been paid total remuneration (including superannuation and non-cash remuneration) of \$241,179, of this amount \$11,692 related to provision of directors' and officers' insurance.

Frank Petruzzelli, Non-Executive Director:

- Annual non-executive fees of \$60,000 are paid.
- In the past two financial years and for the period from July 1 2010 to the date of this Prospectus, Mr Petruzzelli has been paid total remuneration (including superannuation and non-cash remuneration) of \$175,692, of this amount \$11,692 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 past two financial years and for the period from July 1 2010 to the date of this Prospectus, Mr Brophy has been paid or is owed total remuneration (including superannuation and non-cash remuneration) of \$55,016, of this amount \$5,016 related to the 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 past two years, 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, Shares, 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.

4.8 **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, Shares, 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 \$3,800 (plus GST) for these professional services. Blakiston & Crabb have provided other professional services to the Company during the last two years totalling approximately \$127,355 (plus GST).

Novus Capital Limited has acted as financial adviser, lead manager and underwriter to the Company in respect of the Capital Raisings. The Company will pay the following amounts to Novus Capital Limited in respect of their professional services:

- (a) a financial advisory fee of \$75,000 (exclusive of GST);
- (b) a monthly retainer of \$15,000 (exclusive of GST) (which is rebatable against the total financial advisory fee noted above);
- (c) a success fee of 3,000,000 Shares upon completion of the Entitlement Issue;

- (d) an underwriting commission equal to 6% of the underwritten amount of the Entitlement Issue (exclusive of GST); and
- (e) out of pocket expenses that are incurred by Novus Capital Limited (exclusive of GST).

Novus Capital Limited have provided other professional services to the Company during the last two years totalling \$889,385 (plus GST).

Ernst & Young have acted as auditors to the Company in relation to the preparation of the financial statements for the year ended 30 June 2010. In respect of this work, the Company will pay approximately \$50,000 (plus GST) for these professional services. Ernst & Young have provided other professional services to the Company during the last two years totalling approximately \$166,000 (plus GST).

4.9 **Consents**

Blakiston & 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 ASIC.

Ernst & Young has consented to be named in this Prospectus as the Company's auditor and to the use of the audited balance sheet as at 30 June 2010 for the purposes of preparing the consolidated pro forma balance sheet in the form and context in which that balance sheet is included and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Novus Capital Limited has consented to be named in this Prospectus as the financial adviser, lead manager and underwriter in respect of the Capital Raisings and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

Each of the parties referred to in this Section 4.8:

- (a) has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement is made in the Prospectus is based; and
- (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 4.9.

4.10 **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.

4.11 Market Prices of Options and 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 \$0.011 on 2 September 2010 and \$0.004 on 22 November 2010. The latest available market sale price of Options on ASX immediately before the date of issue of this Prospectus was \$0.004 on 22 November 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 \$0.025 on 1 September 2010 and \$0.014 on 22 November 2010. The latest available market sale price of Shares on ASX immediately before the date of issue of this Prospectus was \$0.014 on 22 November 2010.

4.12 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.

5 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

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

Dated: 23 November 2010



Frank Petruzzelli
Director

6 DEFINED TERMS

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

"**AEDT**" means Australian Eastern Daylight Saving Time;

"**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;

"**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;

"**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 one (1) Option exercisable at \$0.08 on or before 31 August 2012, for no consideration;

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

"**Placement**" has the meaning set out in Section 1.1;

"**Placement Options**" means the issue of 54,799,999 Options pursuant to the Placement;

"**Prospectus**" means this prospectus dated 23 November 2010;

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

"**Shareholder**" means the registered holder of a Share.

Guide to the Golden Gate Petroleum Ltd Application Form

This Application Form relates to the offer of 1 Option in Golden Gate Petroleum Ltd for no consideration, pursuant to the Prospectus dated 23 November 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.
- 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 are 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
Individual Use names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (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
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts 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
Deceased Estates 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
Partnerships 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 to:

By Post:

Golden Gate Petroleum Ltd
PO Box 12883 A'Beckett Street Post Office
Melbourne Vic 8006

By Hand:

Golden Gate Petroleum Ltd
566 Elizabeth Street
Melbourne Vic 3000

Application Forms must be received no later than 5.00 pm AEDT time on 26 November 2010.