



GOLDEN GATE PETROLEUM LTD

ABN 34 090 074 785

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Thursday 25 July 2013

Time of Meeting

11.00am (AEST)

Place of Meeting

Radisson Blu Plaza Hotel Sydney
27 O'Connell Street,
Sydney NSW 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 the 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 Thursday 25 July 2013 at 11.00am (AEST).

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

AGENDA

1. RESOLUTION 1 – RATIFICATION OF THE ISSUE OF ONE CONVERTIBLE SECURITY

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 Shareholders hereby approve and ratify the issue of one Convertible Security to The Australian Special Opportunity Fund, LP on 19 March 2013 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

2. RESOLUTION 2 – RATIFICATION OF THE ISSUE OF 51,470,588 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 Shareholders hereby approve and ratify the issue of 51,470,588 Shares to The Australian Special Opportunity Fund, LP on 19 March 2013 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

3. RESOLUTION 3 – RATIFICATION OF THE ISSUE OF 50,000,000 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 Shareholders hereby approve and ratify the issue of 50,000,000 Shares to The Australian Special Opportunity Fund, LP on 19 March 2013 on the terms and conditions set out in the Explanatory Memorandum”

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF 45,000,000 OPTIONS

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 Shareholders hereby approve and ratify the issue of 45,000,000 Options to The Australian Special Opportunity Fund, LP on 19 March 2013 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

5. RESOLUTION 5 – RATIFICATION OF THE ISSUE OF 50,000,000 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 Shareholders hereby approve and ratify the issue of 50,000,000 Shares to The Australian Special Opportunity Fund, LP on 19 April 2013 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

6. RESOLUTION 6 – RATIFICATION OF THE ISSUE OF 10,000,000 OPTIONS

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 Shareholders hereby approve and ratify the issue of 10,000,000 Options to The Australian Special Opportunity Fund, LP on 19 April 2013 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

7. RESOLUTION 7 - RATIFICATION OF THE ISSUE OF 125,000,000 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 Shareholders hereby approve and ratify the issue of 125,000,000 Shares to The Australian Special Opportunity Fund, LP on 22 May 2013 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

8. RESOLUTION 8 – RATIFICATION OF THE ISSUE OF 25,000,000 OPTIONS

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 Shareholders hereby approve and ratify the issue of 25,000,000 Options to The Australian Special Opportunity Fund, LP on 22 May 2013 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any person who participated in the issue, and any Associates of those persons.

The Company need not, however, 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.

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* (Cth), 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 (AEST) on Tuesday 23 July 2013. 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 a proxy for a corporation must be executed in accordance with section 127 of the Corporations Act.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on a poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- 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 vote on their behalf.
- Proxy appointments in favour of the Chairman of the Meeting that do not contain a direction how to vote will be used to vote **FOR** each of the Resolutions.
- Shareholders who return their proxy forms with a direction how to vote 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.
- 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 with the Company's share registry, Advanced Share Register Services by either facsimile on +61 8 9389 7871 or by mail to PO Box 1156, Nedlands, Western Australia, 6909, by 11.00am (AEST) on Tuesday 23 July 2013 (not less than 48 hours before the scheduled time of the Meeting).
- A form of proxy is enclosed with the Notice of General meeting. An additional form will be supplied by the Company on request.

VOTING BY CORPORATE REPRESENTATIVE

- Any Shareholder, or proxy, that is a corporation and entitled to attend and vote at the General Meeting may appoint an individual to act as its corporate representative.
- Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company before the General Meeting or at the registration desk on the day of the General Meeting.
- If the appointment of a corporate representative is signed under power of attorney, the power of attorney under which the appointment is signed, or a certified copy of that power of attorney, must accompany the appointment unless the power of attorney has previously been noted by the Company.

VOTING BY ATTORNEY

- A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint an attorney to attend and vote at the General Meeting on the Shareholder's behalf.
- An attorney need not be a Shareholder of the Company.
- The power of attorney appointing the attorney must be duly signed and specify the name of each Shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.
- To be effective, the power of attorney must also be returned in the same manner, and by the same time, as outlined above for proxy forms.

By order of the Board,



Chris Ritchie
Company Secretary
21 June 2013

GOLDEN GATE PETROLEUM LIMITED
ABN 34 090 074 785

EXPLANATORY MEMORANDUM

This Explanatory Memorandum (and the Appendix to it) is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of 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 (and the Appendix to it) in full before making any decision in relation to the Resolutions.

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

BACKGROUND TO THE GENERAL MEETING

On 13 March 2013, the Company announced that it had secured access to a maximum of AU\$7,500,000 in funds to progress the development of its Permian Project from The Australian Special Opportunity Fund, LP (the "**Investor**"), a New York-based institutional investor, which is managed by The Lind Partners, LLC.

Upon execution of the Agreement, the Company received AU\$600,000 by:

- issuing a convertible security with a face value of \$550,000 and a term of 24 months at a zero (0)% interest rate ("**Convertible Security**") in consideration for the Investor advancing AU\$500,000 to the Company. The Investor may convert the Convertible Security into Shares at any time during the 24 month term of the Agreement but not within the first 120 days of the term. The conversion price is the lesser of AU\$0.006 and 90.0% of the average of 3 daily VWAPs per Share (in Australian dollars, to three decimal places provided that if the resultant number contains four decimal places, such number shall be rounded down to the next lowest number containing three decimal places) selected by the Investor in its sole discretion, during the 20 consecutive trading days immediately prior to conversion; and
- the Investor advancing AU\$100,000 as a prepayment for the issue of Shares.

The facility of up to AU\$7,500,000 provides the Company with certainty of a base level of funding for the next 24 months.

Over the 24 month term of the Agreement, the Investor will make monthly prepayments of AU\$100,000 (or, by mutual agreement, prepayments greater than AU\$100,000 but not exceeding AU\$300,000) for the issue of Shares.

The Company has the right to postpone the issue of Shares (in respect of a prepayment) for a period of up to 3 months subject to compliance with the terms of the Agreement.

The Company issued 51,470,588 Shares in satisfaction of an AU\$175,000 commencement fee payable to the Investor under the Agreement (which equates to an issue price per Share equal to the average daily VWAP's for the 5 trading days prior to the execution date of the Agreement). The Company also issued 45,000,000 Options to the Investor which have an exercise price of AU\$0.02 and may be exercised at any time within 36 months from the date of their grant.

Further Options, which may be exercised at any time within 36 months from the date of their grant, totalling 20% of the number of Shares issued in connection with each prepayment by the Investor or on the date on which the Convertible Security (or part thereof) is converted by the Investor, with an exercise price of 120% of the purchase price of each Share issued in connection with a prepayment or the price at which the Convertible Security (or part thereof) is converted, will be granted to the Investor.

The Company has issued 50,000,000 Shares¹ to secure the obligations the Company owes to the Investor under the Agreement. These Shares:

- may be sold, assigned, mortgaged or otherwise dealt with by the Investor to satisfy any undischarged obligation of the Company under the Agreement; and
- may be used (at the Investor's direction), in certain circumstances, to satisfy the Company's obligations to issue Shares to the Investor.

The terms of the Agreement allow the Company to terminate the Agreement at no cost after 6 months, or earlier if the purchase price for any tranche should fall below \$0.002 (provided that the Company repays 105% of the amount prepaid by the Investor in respect of the tranche). In addition, the terms of the Agreement allow GGP to carry out additional private placements of equity, rights issues and shareholder purchase plans.

A summary of the Agreement is set out in the Appendix to this Explanatory Memorandum.

1. RESOLUTION 1 – RATIFICATION OF THE ISSUE OF ONE CONVERTIBLE SECURITY

1.1 Background

As referred to above, on execution of the Agreement the Company issued to the Investor a Convertible Security with a face value of \$550,000 and a term of 24 months at a zero (0)% interest rate in consideration for the Investor advancing AU\$500,000 to the Company.

The Investor may convert the Convertible Security into Shares at any time during the 24 month term of the Agreement but not within the first 120 days of the term. The conversion price is the lesser of AU\$0.006 and 90.0% of the average of 3 daily VWAPs per Share (in Australian dollars, to three decimal places provided that if the resultant number contains four decimal places, such number shall be rounded down to the next lowest number containing three decimal places) selected by the Investor in its sole discretion, during the 20 consecutive trading days immediately prior to conversion.

As at the date of this Notice of Meeting, the Convertible Security has not been converted by the Investor.

Further details about the Agreement, including the terms of the Convertible Security, are set out in the Appendix.

1.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Convertible Security:

- (a) is categorised as an equity security for the purposes of Listing Rule 7.1; and
- (b) was not, and was not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to its issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Convertible Security by the Shareholders pursuant to Listing Rule 7.4. If Resolution 1 is approved, the Convertible Security that

¹ On 6 June 2013, in broad terms, the Company and the Investor agreed that 30,000,000 of the 50,000,000 Shares issued to secure the obligations the Company under the Agreement are no longer 'collateral' Shares and that the Company has no claim or rights of recourse in respect of those 30,000,000 Shares.

was issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

1.3 Details of the Issue

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

- (a) 1 Convertible Security was issued.
- (b) The Convertible Security was issued at an issue price of AU\$500,000.
- (c) The terms and conditions of the Convertible Security are set out in the Annexure to this Explanatory Memorandum.
- (d) The Convertible Security was issued to the Investor.
- (e) The funds raised from the issue of the Convertible Security were used to progress the development of the Company's Permian Project.

The Board recommends that Shareholders vote in favour of Resolution 1 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.

2. RESOLUTION 2 – RATIFICATION OF THE ISSUE OF 51,470,588 SHARES

Background

In connection with the Agreement, which is summarised in the Appendix to this Explanatory Memorandum, the Company issued 51,470,588 Shares to the Investor on 19 March 2013 in satisfaction of an AU\$175,000 Commencement Fee payable to the Investor (which equates to an issue price per Share equal to the average daily VWAP's for the 5 trading days prior to the execution date of the Agreement).

Further details about the Agreement, including the Shares issued in satisfaction of the Commencement Fee, are set out in the Appendix.

2.1 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Shares:

- (a) are categorised as equity securities for the purposes of Listing Rule 7.1; and
- (b) were not, and were not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to their issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Shares by the Shareholders pursuant to Listing Rule 7.4. If Resolution 2 is approved, the Shares that were issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

2.2 Details of the Issue

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

- (a) 51,470,588 Shares were issued.
- (b) The Shares were issued at \$0.0034 per Share.
- (c) The Shares issued were fully paid ordinary shares in the Company which rank equally with the Company's existing issued Shares.
- (d) The Shares were issued to the Investor.
- (e) The funds raised from the issue of the Shares were used to progress the development of the Company's Permian Project.

The Board recommends that 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.

3. RESOLUTION 3 – RATIFICATION OF THE ISSUE OF 50,000,000 SHARES

3.1 Background

In connection with the Agreement which is summarised in the Appendix to this Explanatory Memorandum, the Company issued 50,000,000 Shares (at an issue price of \$0.0034 per Share) to the Investor on 19 March 2013 to secure the Company's obligations under the Agreement.²

These Shares:

- may be sold, assigned, mortgaged or otherwise dealt with by the Investor to satisfy any undischarged obligation of the Company under the Agreement; and
- may be used (at the Investor's direction), in certain circumstances, to satisfy the Company's obligations to issue Shares to the Investor.

Further details about the Agreement with the Investor, including the shares issued to secure the Company's obligations under the Agreement, are set out in the Appendix.

3.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Shares:

- (a) are categorised as equity securities for the purposes of Listing Rule 7.1; and
- (b) were not, and were not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to their issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Shares by the Shareholders pursuant to Listing Rule 7.4. If Resolution 3 is approved, the Shares that were issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

² See footnote 1.

3.3 Details of the Issue

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

- (a) 50,000,000 Shares were issued.
- (b) The Shares were issued at \$0.0034 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 Shares were issued to the Investor.
- (e) The funds raised from the issue of the Shares were used to progress the development of the Company's Permian Project.

The Board recommends that 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.

4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF 45,000,000 OPTIONS

4.1 Background

In connection with the Agreement, which is summarised in the Appendix to this Explanatory Memorandum, the Company issued 45,000,000 Options (with an Exercise Price of \$0.02 and an Expiry Date of 19 March 2016) to the Investor on 19 March 2013.

Further details about the Agreement, including the Options, are set out in the Appendix.

4.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Options:

- (a) are categorised as equity securities for the purposes of Listing Rule 7.1; and
- (b) were not, and were not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to their issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Options by the Shareholders pursuant to Listing Rule 7.4. If Resolution 4 is approved, the Options that were issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

4.3 Details of the Issue

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

- (a) 45,000,000 Options were issued.
- (b) The issue price of each Option was Nil.

- (c) The terms and conditions of the Options are set out in the Annexure to this Explanatory Memorandum.
- (d) The Options were issued to the Investor.
- (e) No funds were raised directly from the issue of the Options.

The Board recommends that Shareholders vote in favour of Resolution 4 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.

5. RESOLUTION 5 – RATIFICATION OF THE ISSUE OF 50,000,000 SHARES

5.1 Background

In connection with the Agreement which is summarised in the Appendix to this Explanatory Memorandum, the Company issued 50,000,000 Shares (based on a prepayment by the Investor of \$100,000 and an issue price of \$0.002 per Share) to the Investor on 19 April 2013 as the Tranche 1 drawdown under the Agreement.

Further details about the Agreement are set out in the Appendix.

5.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Shares:

- (a) are categorised as equity securities for the purposes of Listing Rule 7.1; and
- (b) were not, and were not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to their issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Shares by the Shareholders pursuant to Listing Rule 7.4. If Resolution 5 is approved, the Shares that were issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

5.3 Details of the Issue

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

- (a) 50,000,000 Shares were issued.
- (b) The Shares were issued at \$0.002 per Share.
- (c) The Shares issued were fully paid ordinary shares in the Company which rank equally with the Company's existing issued Shares.
- (d) The Shares were issued to the Investor.
- (e) The funds raised from the issue of the Shares were used to progress the development of the Company's Permian Project.

The Board recommends Shareholders vote in favour of Resolution 5 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.

6. RESOLUTION 6 – RATIFICATION OF THE ISSUE OF 10,000,000 OPTIONS

6.1 Background

In connection with the Agreement which is summarised in the Appendix to this Explanatory Memorandum, the Company issued 10,000,000 Options (with an Exercise Price of \$0.0024 and an Expiry Date of 19 April 2016) to the Investor on 19 April 2013 in connection with the Tranche 1 drawdown under the Agreement.

Further details about the Agreement, including the Options, are set out in the Appendix.

6.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Options:

- (a) are categorised as equity securities for the purposes of Listing Rule 7.1; and
- (b) were not, and were not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to their issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Options by the Shareholders pursuant to Listing Rule 7.4. If Resolution 6 is approved, the Options that were issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

6.3 Details of the Issue

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

- (a) 10,000,000 Options were issued.
- (b) The issue price of each Options was Nil.
- (c) The terms and conditions of the Options are set out in the Annexure to this Explanatory Memorandum.
- (d) The Options were issued to the Investor.
- (e) No funds were raised directly from the issue of the Options.

The Board recommends that Shareholders vote in favour of Resolution 6 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.

7. RESOLUTION 7 - RATIFICATION OF THE ISSUE OF 125,000,000 SHARES

7.1 Background

In connection with the Agreement which is summarised in the Appendix to this Explanatory Memorandum, the Company issued 125,000,000 Shares (based on a prepayment of \$125,000 and an issue price of \$0.001 per Share) to the Investor on 22 May 2013 as the Tranche 2 drawdown under the Agreement. As per the ASX release on 7 June 2013, the Investor has agreed to forego the issue of 62,500,000 Shares via an offset against the next Share tranche issue (Tranche 3) under the Agreement. The offset of the 62,500,000 Shares has the net effect of making the issue price of the Shares issued on 22 May 2013 in respect of the Tranche 2 drawdown under the Agreement, \$0.002 per Share.³

Further details about the Agreement are set out in the Appendix.

7.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 months period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Shares:

- (a) are categorised as equity securities for the purposes of Listing Rule 7.1; and
- (b) were not, and were not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to their issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Shares by the Shareholders pursuant to Listing Rule 7.4. If Resolution 7 is approved, the Shares that were issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

7.3 Details of the Issue

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

- (a) 125,000,000 Shares were issued.
- (b) The Shares were issued at \$0.001 per Share.
- (c) The Shares issued were fully paid ordinary Shares in the Company which rank equally with the Company's existing issued Shares.
- (d) The Shares were issued to the Investor.
- (e) The funds raised from the issue of the Shares were used to progress the development of the Company's Permian Project.

The Board recommends that Shareholders vote in favour of Resolution 7 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.

³ For the purposes of determining the number of Options to be issued in respect of future Share tranche issuances under the Agreement, the 62,500,000 Shares to be offset against the next Share tranche issue are to be disregarded.

8. RESOLUTION 8 – RATIFICATION OF THE ISSUE OF 25,000,000 OPTIONS

8.1 Background

In connection with the Agreement which is summarised in the Appendix to this Explanatory Memorandum, the Company issued 25,000,000 Options (with an Exercise Price of \$0.0012 and an Expiry Date of 22 May 2016) to the Investor on 22 May 2013 in connection with the Tranche 2 drawdown under the Agreement. As per the ASX release on 7 June 2013, the Investor has agreed to forego the issue of the issue of 25,000,000 Options via an offset against the next Option tranche issue (Tranche 3) under the Agreement.

Further details about the Agreement, including the Options, are set out in the Appendix.

8.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued securities of that company held at the beginning of the 12 month period, except with the prior approval of that company's shareholders in general meeting of the precise terms and conditions of the proposed issue.

The Options:

- (a) are categorised as equity securities for the purposes of Listing Rule 7.1; and
- (b) were not, and were not required to be, approved by Shareholders for the purposes of Listing Rule 7.1 prior to their issue.

However, under Listing Rule 7.4, an issue of equity securities that has been made without prior approval under 7.1 can be subsequently ratified by shareholders (in which case it will be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1).

Accordingly, the Company is now seeking to ratify the issue of the Options by the Shareholders pursuant to Listing Rule 7.4. If Resolution 8 is approved, the Options that were issued pursuant to the Agreement will not be included in any calculation of the 15% limit on the number of equity securities the Company may issue in any 12 month period.

8.3 Details of the Issue

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

- (a) 25,000,000 Options were issued.
- (b) The issue price of each Options was Nil.
- (c) The terms and conditions of the Options are set out in the Annexure to this Explanatory Memorandum.
- (d) The Options were issued to the Investor.
- (e) No funds were raised directly from the issue of the Options.

The Board recommends that Shareholders vote in favour of Resolution 8 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.

APPENDIX
SUMMARY OF THE SHARE PURCHASE AND CONVERTIBLE SECURITY AGREEMENT

1 Parties

Golden Gate Petroleum Limited (the "**Company**").

The Australian Special Opportunity Fund, LP (the "**Investor**").

2 Shares and Convertible Security

2.1 Tranche Shares

- (a) On the Execution Date or such later date as may be determined under the Agreement, the Investor will make a prepayment to the Company for the purchase of Shares in the amount of AU\$100,000 (such prepayment, the "**First Closing**").
- (b) On each date that is 30 days after the date of the immediately preceding Closing or such later date as determined in accordance with the Agreement, the Investor will make a prepayment to the Company for the purchase of Shares in a Tranche Amount (being AU\$100,000, or by mutual agreement in writing by the Company and the Investor, an amount greater than AU\$100,000 but not exceeding AU\$300,000) in immediately available funds (each such prepayment, a "**Subsequent Closing**").
- (c) Under certain limited circumstances, the Tranche Amount may be lower than AU\$100,000.
- (d) There will be no more than 24 Closings and the maximum amount the Investor will pay for Tranche Shares is \$7,000,000.

2.2 Convertible Security

At the First Closing the Investor will advance to the Company AU\$500,000 for the issue of an uncertificated convertible security with a face value of AU\$550,000 (the "**Convertible Security**").

2.3 Company Option to Pause

The Company may, on giving 10 Trading Days' written notice (a "**Postponement Notice**") to the Investor prior to the next scheduled Closing Date, postpone that Closing Date by up to 3 calendar months from the date of that scheduled Closing Date (the "**Company Pause**") provided that:

- (a) the Company may only give a Postponement Notice if at least 6 Tranche Issuances have been made to the Investor under the Agreement; and
- (b) the Company may only give a Postponement Notice once every 12 months (excluding, for these purposes, any period comprising a prior Company Pause) during the Term.

3 Commencement Fee

At, or prior to, the First Closing, the Company must pay the Investor a non-refundable commencement fee of AU\$175,000 to be satisfied by the issuance of 51,470,588 Shares to the Investor (the "**Commencement Fee Shares**").

4 Collateral Shares

- (a) At the First Closing, the Company shall issue and deliver to the Investor the Collateral Shares.⁴
- (b) From time to time:
 - (i) the Collateral Shares may be capitalised (at the Investor's direction) to satisfy the Company's obligations to issue Tranche Shares or Conversion Shares; and

⁴ See footnote 1.

- (ii) the Investor may, and will no later than 10 Business Days after the expiry of the Term, purchase any remaining Collateral Shares at a price equal to 90% of the average of 3 daily VWAPs per Share, as selected by the Investor in its discretion, during the period:
 - (A) commencing 20 Trading Days prior to the date that is immediately prior to the date on which such payment is made by the Investor; and
 - (B) ending on the date that is immediately prior to the date on which such payment is made by the Investor.
- (c) The Collateral Shares:
 - (i) shall constitute security for the obligations owed to the Investor by the Company under the Agreement; and
 - (ii) may be sold, assigned, mortgaged or otherwise dealt with by the Investor to satisfy any undischarged obligation referred to in subparagraph (i).

5 Options

- (a) At, or prior to, the First Closing, the Company will grant to the Investor 45,000,000 options to purchase Shares at AU\$0.02 per Share (the "**Initial Options**").
- (b) On each Tranche Share Issuance Date or Conversion Date, the Company shall grant to the Investor such number of Subsequent Options as is equal to 20% of the number of Tranche Shares or Conversion Shares the subject of the relevant Tranche Share Issuance or Conversion, with such Subsequent Options to have an exercise price equal to 120% of the Purchase Price or Conversion Price applied to the relevant Tranche Share Issuance or Conversion.

6 Conditions Precedent to Subsequent Closing

6.1 Conditions Precedent to each Subsequent Closing - Investor

The Investor has no obligation to make a prepayment to the Company for the purchase of any Shares or to effect a Subsequent Closing, unless and until (in broad terms) the following conditions are fulfilled, or waived in writing by the Investor.

- (a) Delivery by the Company to the Investor of: (i) Cleansing Statement and Appendix 3B in respect of Tranche Shares issued, or if applicable, Conversion Shares, (ii) evidence that the ASX has granted quotation of the Tranche Shares, and if applicable, the Conversion Shares; (iii) a flow of funds request, (iv) copies of requested Board resolutions and copies of additional requested documents.
- (b) The Company has issued to the Investor the Tranche Shares for the Prepaid Tranche, and, if applicable, the Conversion Shares issuable to the Investor for a Conversion.
- (c) If applicable, the Company has granted any Subsequent Options.
- (d) The Company has obtained shareholder approval under Listing Rule 7.4 to the extent required to avoid a breach of Listing Rule 7.1.
- (e) Representations and warranties of the Company are materially true and correct.
- (f) The Company has complied with all agreements and covenants required by the Agreement.
- (g) Necessary consents, permits, approvals, registrations, waivers and documents have been obtained.
- (h) Quotation of Tranche Shares issued for the Prepaid Tranche and Conversion Shares issued on Conversion has commenced on ASX;
- (i) The Investor is of the opinion that: (i) any offer for sale by the Investor of any Tranche Shares or Conversion Shares will not need disclosure under the Corporations Act, (ii) the issue of such Tranche Shares and Conversion Shares will not result in the

Company being in breach of the Listing Rules or any other law, (iii) no Event of Default has occurred or would result from the Closing being effected.

(j) Receipt of all closing deliveries.

The conditions precedent to the First Closing (which were for the benefit of the Investor) are broadly similar to those set out above.

6.2 Conditions Precedent to each Subsequent Closing – Company

The Company shall have no obligation to effect a Subsequent Closing unless and until the following conditions are fulfilled, or waived in writing by the Company.

(a) The Investor has complied with all agreements and covenants required by the Agreement.

(b) Representations and warranties of the Investor are materially true and correct.

The conditions precedent (for the benefit of the Company) to the First Closing are broadly similar to those set out above.

7 Tranche Issuances and Conversions

7.1 Issue of Tranche Shares

(a) In respect of each Tranche, the Company shall either:

(i) issue and deliver the Tranche Shares to the Investor on the Tranche Shares Issuance Date for that Tranche; or

(ii) repay the amount of that Tranche to the Investor as expressly permitted or required under clause 7.3.

(b) The number of the Tranche Shares that the Company shall issue for a Tranche shall be determined by dividing the Australian dollar amount of that Tranche by the Purchase Price, provided that if the resultant number contains a fraction, such number shall be rounded up to the next highest whole number.

(c) On each Tranche Share Issuance Date, the Investor will provide the Company with a notice ("**Tranche Notice**") setting out the Purchase Price applicable and the number of Tranche Shares due to be issued on such Tranche Shares Issuance Date or that Collateral Shares will be capitalised to satisfy the Company's obligations in whole or in part.

7.2 Conversions of the Convertible Security

(a) On each date specified by the Investor (each a "**Conversion Date**") by providing the Company no less than 1 Business Day's prior notice ("**Conversion Notice**") at any time during the Term after the 120 day period that follows the Execution Date ("**Lock-up Period**") (each date of such notice, a "**Conversion Notice Date**"), the Company shall effect a conversion of the Convertible Security (each, a "**Conversion**") or the part thereof specified by the Investor in its Conversion Notice, by issuing Shares to the Investor or capitalising Collateral Shares ("**Conversion Shares**").

(b) The Conversion Notice shall specify (among other things) the Conversion Amount, which must be an amount of not less than AU\$50,000, except where the Amount Owing in respect of the Convertible Security that is outstanding is less than AU\$50,000.

(c) The number of Conversion Shares that the Company shall issue and deliver in a Conversion shall be determined by dividing the Australian dollar amount of that Conversion by the Conversion Price, provided that if the resultant number contains a fraction, such number shall be rounded up to the next highest whole number.

(d) Notwithstanding anything in the Agreement, in the absence of a prior Conversion Notice, the Investor will be deemed to have issued a conversion notice on the last day of the Term as Conversion Notice Date at the Conversion Price.

- (e) In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the terms of the Convertible Security will be reconstructed to the extent necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction.

7.3 Company's Floor Price Protection

- (a) If the Purchase Price in respect of a Tranche Shares Issuance is less than the Floor Price the Company may elect to:
 - (i) make a payment in lieu of the Tranche Shares Issuance on the relevant Tranche Shares Issuance Date (the "**Optional Cash Payment**"), provided that:
 - (A) the Company repays 105% of the Tranche Amount that has been prepaid by the Investor for that Tranche; and
 - (B) the Company gives the Investor no less than 10 Business Days' written notice of its intention to undertake such payment in immediately available funds (a "**Floor Price Notice**"); and/or
 - (ii) terminate the Agreement at no further cost to the Company, in accordance with and to the extent permitted by clause 13(d).
- (b) No part of the Amount Outstanding shall be redeemable by the Company at any time, except as expressly set out in this clause 7 or otherwise in accordance with the Agreement.
- (c) Where the Company has given the Investor a Floor Price Notice, the Investor may elect at any time prior to the applicable Tranche Shares Issuance Date, to receive the Tranche Shares that are the subject of that Floor Price Notice by electing:
 - (i) to receive Tranche Shares, at the Purchase Price equal to the Floor Price; or
 - (ii) to exercise its Tranche Collateralisation Election (by dividing the Australian dollar amount of that Tranche by the Floor Price).

7.4 Extension By Investor

If the VWAPs per Share for any 5 consecutive Trading Days during the 20 Trading Days prior to a Tranche Share Issuance Date (the "**Floor Price Period**") are less than the Floor Price, the Investor may elect, in its sole discretion, to postpone by 15 Trading Days the Tranche Share Issuance Date (and/or the Tranche Share Issuance that would otherwise be due on that date) and the Closing that would otherwise immediately follow that Floor Price Period (a "**Postponement**").

7.5 Conditions to Tranche Shares Issuance and Conversion

The obligation of the Investor to accept an issuance of Tranche Shares, or accept a Conversion of all or any part of the part of the Convertible Security by way of Conversion Shares, shall be subject to the fulfilment of the conditions set out below.

- (a) All necessary regulatory approvals consents, permits, approvals, registrations and waivers have been issued and received.
- (b) The representations and warranties of the Company are materially true and correct.
- (c) The Company has complied in all material respects with all agreements and covenants required by the Agreement.
- (d) If the Tranche Shares or the Conversion Shares may not be issued without breaching Listing Rule 7.1, the Company has obtained an approval under Listing Rule 7.4.
- (e) No Event of Default has occurred or would result from the issuance or conversion.
- (f) Any offer for sale by the Investor of the Tranche Shares or Conversion Shares would not need disclosure under the Corporations Act, subject only to the Company giving a Cleansing Statement.
- (g) The issue and delivery of such Tranche Shares or Conversion Shares would not result in a breach of the Listing Rules or any other law.

- (h) ASX has not indicated to the Company that quotation of such Tranche Shares or the Conversion Shares will not be granted.
- (i) All required deliveries have been received.
- (j) The Investor has received an applicable holding statement in respect of such Tranche Shares or Conversion Shares.

8 Option Terms

8.1 Nature of Options

- (a) Each Option will grant the holder the right but not the obligation to be issued by the Company one Share at the Option Exercise Price.
- (b) Each Option is exercisable at any time after the time of its grant and prior to the date that is 36 calendar months after the issuance date of the relevant Option (the "**Option Expiration Date**"), after which time it will lapse.

8.2 Bonus Issues

If prior to an exercise of an Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on exercise of the Option, the number of Shares over which an Option is exercisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the date on which entitlements to the issue were calculated.

8.3 Rights Issues

If prior to an exercise of an Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' Share holding at the time of the offer, the Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

8.4 Reconstruction of Capital

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (a) the number of the Shares to which each Option holder is entitled on exercise of the outstanding Options shall be reduced or increased in the same proportion as, and the nature of the Shares shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
- (b) an appropriate adjustment shall be made to the Option Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options shall not alter.

8.5 Rights Prior to Exercise

Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.

8.6 Redemption

The Options are not redeemable by the Company.

8.7 Assignability and Transferability

The Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and applicable law.

9 Representations and Warranties

9.1 Representations and Warranties by the Company

In broad terms, the Company has provided representations and warranties in favour of the Investor in respect of various business matters and other representations and warranties commonly found in financing agreements such as the Agreement.

9.2 Representations and Warranties of the Investor

In broad terms, the Investor has provided representations and warranties in favour of the Company which are commonly found in financing agreements such as the Agreement.

10 Covenants and Agreements

10.1 Ranking of the Investor's Shares

- (a) The Investor's Shares shall rank equally in all respects with the existing Shares on the date of issue of the Investor's Shares.
- (b) At each issuance, the Company shall credit all Investor's Shares as fully paid.
- (c) All Investor's Shares shall be issued free and clear of any liens.

10.2 Ranking of Investor's interest in unissued Tranche Shares and the Convertible Security

- (a) The Investor's interest in unissued Tranche Shares, for which it has made a prepayment, shall, until such Tranche Shares Issuance has occurred, constitute a direct, general, subordinated, unsecured and unconditional obligation of the Company which, subject to clause 10.1(c), ranks with other unsecured subordinated obligations of the Company.
- (b) The Convertible Security shall constitute direct, general, subordinated unsecured and unconditional obligations of the Company which rank pari passu among themselves and with other unsecured subordinated obligations of the Company.

10.3 Rights of Investor

The right of the Investor to be issued Tranche Shares and Conversion Shares shall not confer on the Investor any entitlement to receive dividends or vote at a general meeting of shareholders of the Company.

10.4 Prohibited Transactions

From the date of execution of the Agreement until the date that is 30 days after the date of termination of the Agreement the Company shall not effect, or enter into an agreement to effect, any Prohibited Transaction.

10.5 Non-ASX Quotation

The Company shall not permit the Company or any of its securities to be listed or quoted on any financial market, quotation system, or stock exchange, other than the ASX, without the Investor's prior written consent.

10.6 Takeover Limitation

The Investor shall not acquire a relevant interest in the Shares which causes the voting power in the Company of the Investor and its associates (as defined in the Corporations Act) to exceed 19.99%.

10.7 Base Price

- (a) If the VWAPs per Share are equal to or less than the Base Price for any 2 consecutive Trading Days during the 20 Trading Days prior to a Tranche Shares Issuance Date (the "**Period**") (the "**Base Price Event**"), the Investor may elect to postpone by up to 60 days (from the dates on which it would otherwise occur) (the "**Pause Period**"), the Closing (the "**Postponed Closing**") that would otherwise immediately follow that Period (each, a "**Postponement at Base Price**").

- (b) There is no limitation on the number of Postponements at Base Price that the Investor may elect to undertake hereunder.
- (c) If any time during the Pause Period, each VWAP per Share in any 10 consecutive Trading Day period is greater than the Base Price (the "**First Renewal Prerequisite**"), the Company may on 5 Trading Days' written notice (the "**Renewal Notice Period**"), to be given no later than 3 Trading Days after the final date of the Pause Period, require the Investor to consummate the Postponed Closing; provided that the VWAPs per Share are greater than the Base Price on each day of the Renewal Notice Period (the "**Second Renewal Prerequisite**").
- (d) Where the First Renewal Prerequisite shall not have occurred during the Pause Period, or the Second Renewal Prerequisite shall not have occurred during the Renewal Notice Period, or the Company has not provided the Investor with the notice under clause 10.7(c), the Investor may, by written notice to the Company, effective immediately, terminate the Agreement.

10.8 Conduct of Business

The Company shall, and shall cause all of its Subsidiaries to carry on and conduct its business and the business of each subsidiary in a proper and efficient manner in accordance with good commercial practice, and ensure that while there is an Amount Outstanding, the voting and other rights attached to the Shares (or any other securities of the Company) are not altered in a manner which, in the reasonable opinion of the Investor, is materially prejudicial to the Investor.

10.9 Miscellaneous Negative Covenants

The Company shall not, and shall cause all of its Subsidiaries to not, without the Investor's written approval:

- (a) dispose, in a single transaction, or in a series of transactions, of all or any part of its assets unless such disposal is:
 - (i) in the ordinary course of business;
 - (ii) for fair market value; and
 - (iii) approved by the board of directors of the Company;
- (b) reduce its issued share capital or any uncalled liability in respect of its issued capital, except by means of a purchase or redemption of the share capital that is permitted under Australian law;
- (c) undertake any consolidation of its share capital;
- (d) change the nature of its business or the nature of the business of any subsidiary;
- (e) make an application under section 411 of the Corporations Act;
- (f) transfer the jurisdiction of incorporation of the Company or any of its Subsidiaries; or
- (g) enter into any agreement with respect to any of the matters referred to above.

10.10 Use of Proceeds

The Company shall use the funds received from the Investor under the Agreement for general corporate and working capital purposes that are reasonable in light of the nature of the Company's business as of the Execution Date, and not, among other things, for dividend payments, or the repayment or redemption of any indebtedness or obligations or interests held by any security holders.

11 Default

- (a) The Agreement sets out certain "Events of Default" which are commonly found in financing agreements such as the Agreement.
- (b) Upon the occurrence or existence of any Event of Default, the Investor may:
 - (i) declare, by notice to the Company, effective immediately, all outstanding obligations by the Company under the Transaction Documents to be

immediately due and payable in immediately available funds (including, without limitation, the immediate repayment of any Amount Outstanding); and/or

- (ii) terminate the Agreement, by notice to the Company, effective as of the date set out in the Investor's notice
- (c) The Investor shall have no obligation to accept a Tranche Shares Issuance or a Conversion or Conversion Shares or consummate a Closing under the Agreement where an Event of Default has occurred, for as long as such Event of Default continues, and the Tranche Shares Issuance Date and the Closing Date shall be deemed to be postponed accordingly, unless the Investor notifies the Company otherwise in writing.
- (d) Upon an Event of Default occurring, the interest payable on the Convertible Security shall be at a rate per annum of the interest rate prescribed for the purposes of section 101 of the *Civil Procedure Act 2005* (NSW) prevailing at the time of the Event of Default, which interest shall accrue from the earliest date of that part of the Convertible Security that remain outstanding and shall be compounded monthly, for as long as the Event of Default shall not have been remedied in accordance with clause 11(b).

12 Taxes

In broad terms, the Company agrees to indemnify the Investor against any tax it is required to pay to any Australian federal, state or other governmental authority in respect of any payment it receives from the Company.

13 Termination

The Agreement may be terminated:

- (a) by the mutual written consent of the Parties, at any time;
 - (b) by either Party, by written notice to the other Party, effective immediately, if the First Closing has not occurred within 10 Business Days of the Execution Date;
 - (c) by the Company, at no cost to the Company, by written notice to the Investor at any time 6 months after the Execution Date;
 - (d) by the Company, by written notice to the Investor, at no cost to the Company where the Purchase Price for any Tranche will be less than the Floor Price, and the Company has notified the Investor of its desire to make the Optional Cash Payment;
 - (e) by the Company, by written notice to the Investor at any time during the term of the Agreement, provided that the Company has paid the Investor a cancellation fee of AU\$150,000 in immediately available funds;
 - (f) by the Investor, in accordance with clauses 10.7, 11 or (in broad terms) if it is illegal or impossible for the Investor to undertake the Contemplated Transactions;
 - (g) by the Investor, by written notice to the Company, effective as of the date stipulated by the Investor, provided that the Company has given notice to the Investor of its intention to undertake, or has undertaken, or has become required to undertake, a payment in immediately available funds for any reason; or
- 14 by the Investor, by written notice to the Company, effective as of the date stipulated, if, as a consequence of any change of law, regulation or policy relating to tax after the Execution Date, the tax liability of the Investor increases from the position that is applicable at the Execution Date, provided such increase is more than de minimis. Indemnification
- In broad terms, and subject to certain exceptions, the Company agrees to indemnify the Investor, its affiliates and their directors, officers, members, shareholders and employees and agents (among others) against all losses and liabilities that are incurred in connection with:
- (a) a breach of the Agreement by the Company;

- (b) an untrue statement made by the Company of a material fact;
- (c) any non-disclosure of any material fact; and
- (d) the execution, delivery, performance or enforcement of the Transaction Documents or any of the Contemplated Transactions.

15 Adjustments

Each time when a Security Structure Event occurs, the Floor Price, Conversion Price, Purchase Price, the Base Price and the Collateral Shareholding Number shall be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled.

16 Glossary

In this Appendix, the following definitions apply, unless the context requires otherwise:

"Agreement" means the Share Purchase and Convertible Security Agreement, dated 12 March 2013, between the Company and the Investor.

"Amount Outstanding" means the total of all amounts paid to the Company by the Investor:

- (a) by way of prepayment for Tranche Shares in respect of which Tranche Shares have not yet been issued, or the amounts have not been repaid; and
- (b) for the Convertible Security, that part of the Face Value in respect of which Conversion Shares have not been issued, or the amounts have not been repaid.

"Base Price" means AU\$0.002, as may be adjusted in accordance with clause 15.

"Closing" means each of the First Closing and the Subsequent Closings.

"Closing Date" means the date of a Closing.

"Collateral Shareholding Number" means 50,000,000, as may be adjusted pursuant to clause 15.⁵

"Collateral Shares" means the 50,000,000 Shares, issued to the Investor in accordance with clause 4.⁶

"Contemplated Transactions" means the transactions contemplated in the Agreement.

"Conversion" has the meaning set out in clause 7.2(a).

"Conversion Notice Date" has the meaning set out in clause 7.2(a).

"Conversion Price", in relation to a Conversion, means the lesser of:

- (a) AU\$0.006; or
- (b) 90.0% of the average of three (3) daily VWAPs per Share (in Australian dollars, to three decimal places provided that if the resultant number contains four decimal places, such number shall be rounded down to the next lowest number containing three decimal places) selected by the Investor in its sole discretion, during the 20 consecutive Trading Days immediately prior to the relevant Conversion Notice Date.

"Conversion Shares" has the meaning given to that term in clause 7.2(a).

"Convertible Security" has the meaning given to that term in clause 2.2.

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

"Execution Date" means the date of mutual execution of the Agreement.

"First Closing" has the meaning given to that term in clause 2.1(a).

"Floor Price" means AU\$0.002, as may be adjusted in accordance with clause 15.

"Floor Price Period" has the meaning given to that term in clause 7.4.

"Initial Options" has the meaning given to that term in clause 5(a).

⁵ See footnote 1.

⁶ See footnote 1.

"**Investor's Shares**" means the Commencement Fee Shares, the Tranche Shares, the Conversion Shares, the Collateral Shares, and the Shares issued or issuable on exercise of the Options.

"**Listing Rules**" means the listing rules of the ASX, as amended from time to time.

"**Optional Cash Payment**" has the meaning given to that term in clause 7.3(a).

"**Option Exercise Price**" means a per option exercise price equal to:

- (a) with respect to the Initial Options, AU\$0.02; or
- (b) with respect to the Subsequent Options, the exercise price determined in accordance with clause 5(b),

subject to all adjustments pursuant to the Agreement.

"**Options**" means the Initial Options and the Subsequent Options.

"**Postponement**" has the meaning given to that term in clause 7.4.

"**Prepaid Tranche**" means, as to a Closing, the Tranche that has been prepaid by the Investor most recently prior to such Closing.

"**Prohibited Transaction**" means a transaction with a third party or third parties in which the Company issues or sells:

- (a) any debt, equity or equity-linked securities (including options) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares:
 - (i) at a conversion, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or
 - (ii) at a conversion, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events; or
- (b) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions.

For the avoidance of doubt, none of rights issuances, shareholder purchase plans, convertible securities, or equity issuances, each at a fixed price per Share, shall be deemed to be a Prohibited Transaction.

"**Purchase Price**", in relation to a Tranche Shares Issuance, as elected by the Investor in its sole discretion:

- (a) 90% of the average of 3 daily VWAPs per Share (in Australian dollars, to three decimal places provided that if the resultant number contains four or more decimal places, such number shall be rounded down to the next lowest number containing three decimal places), as selected by the Investor in its sole discretion, during the 20 consecutive Trading Days immediately prior to the relevant Tranche Shares Issuance Date (**Purchase Price A**); or
- (b) 130% of the average of the daily VWAPs per Share for the 20 consecutive Trading Days immediately prior to the Execution Date, calculated to be AU\$0.0052 per Share (**Purchase Price B**),

provided, however, that Purchase Price B shall no longer apply once it has been utilised in relation to 1 Tranche Share Issuance.

"**Securities**" means each of the Investor's Shares and the Options and the Convertible Security, and all of the Investor's Shares and the Options and the Convertible Security collectively.

"**Security Structure Event**" means any consolidation, subdivision or pro-rata cancellation of the Company's issued capital, or any payment of a dividend in ordinary shares of the

Company or distribution of ordinary shares of the Company to holders of its outstanding ordinary shares; which for the avoidance of doubt, does not include a rights offering or a bonus issue.

"**Share**" means a fully paid ordinary share in the capital of the Company and includes (where applicable) Investor's Shares.

"**Subsequent Options**" means the options to purchase Shares at the Option Exercise Price per Share, granted pursuant to clause 5(b) and in accordance with the terms of the Agreement.

"**Term**" means the period commencing from the date of the First Closing and ending on the date that is 24 months from the date of the First Closing.

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

"**Tranche**" means the Australian dollar amount prepaid by the Investor to the Company pursuant to clause 2.1 at a Closing.

"**Tranche Amount**" in relation to an advance of funds under clause 2.1, means:

- (a) AU\$100,000 (the "**Base Amount**"); or
- (b) by mutual agreement in writing by the Company and the Investor, an amount greater than AU\$100,000 but not exceeding AU\$300,000.

"**Tranche Shares**" means the Shares issued or issuable by the Company to the Investor in relation to a Tranche.

"**Tranche Shares Issuance**" means an issue of Tranche Shares by the Company.

"**Tranche Shares Issuance Date**" means in relation to a Tranche, the 28th day after the date of the Closing of that Tranche, except:

- (a) as adjusted pursuant to any provisions of the Agreement; and
- (b) where a Tranche Shares Issuance Date falls on a day that is not a Business Day then the Business Day that immediately precedes the date that would otherwise be such Tranche Shares Issuance Date, is the Tranche Shares Issuance Date.

"**Transaction Documents**" means the Agreement, all Option certificates and Exercise Forms issued under the Agreement, all Cleansing Statements and any agreement amending, or amending and restating, the Agreement executed by the Parties.

"**VWAP**" means in relation to a Trading Day, the volume weighted average price (in Australian dollars, rounded to four decimal places) of the Shares traded in the ordinary course of business on the ASX on that Trading Day, excluding crossings executed outside the open session state, special crossings, overseas trades and trades pursuant to exercise of options over Shares, subject to all adjustments set out in the Agreement provided that:

- (a) if on that Trading Day, Shares were quoted on the ASX as cum dividend or cum any other distribution or entitlement, and the issue of Shares for the purpose of which the VWAP is being determined will occur after that date, and those Shares no longer carry that dividend or other distribution or entitlement, then the VWAP on that Trading Day shall be reduced by an amount ("**Cum Value**") equal to:
 - (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution;
 - (ii) in the case of any other entitlement which is traded on the ASX on that Trading Day, the VWAP of such entitlements sold on the ASX on that Trading Day; or
 - (iii) in the case of an entitlement not traded on the ASX on that Trading Day, the value of the entitlement as reasonably determined by the Investor; and
- (b) if on that Trading Day, Shares were quoted on the ASX as ex-dividend or ex any other distribution or entitlement, and the Shares for the purpose of which the VWAP is being determined would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on that Trading Day shall be increased by the Cum Value.

GLOSSARY

In this Notice of Meeting and the Explanatory Memorandum (excluding the Appendix) the following definitions apply unless the context requires otherwise:

“**AEST**” means Australian Eastern Standard Time.

“**Agreement**” means the Share Purchase and Convertible Security Agreement, dated 12 March 2013 between the Company and the Investor.

“**Associate**” has the meaning given to it in Listing Rule 14.11.

“**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 of the Company.

“**Company**” means Golden Gate Petroleum Limited ABN 34 090 074 785.

“**Convertible Security**” has the meaning given in this Explanatory Memorandum.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**Director**” means a Director of the Company.

“**Explanatory Memorandum**” means the 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.

“**the Investor**” means The Australian Special Opportunity Fund, LP.

“**Listing Rules**” means the Listing Rules of the ASX and any other rules which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

“**Notice**” or “**Notice of Meeting**” means the Notice of General Meeting accompanying this Explanatory Memorandum.

“**Option**” means the right but not the obligation to be issued by the Company one Share at the applicable exercise price.

“**Resolution**” means a resolution the subject of the Notice.

“**Shareholder**” means the holder of a Share.

“**Share**” means a fully paid ordinary share in the capital of the Company.

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PROXY FORM

All correspondence to:
Advanced Share Registry
PO Box 1156
Nedlands WA 6909
Tel: (08) 9389 8033
Fax: (08) 9389 7871
www.advancedshare.com.au

ABN 34 090 074 785

Shareholder's Name and Address

[Empty box for Shareholder's Name and Address]

Please write your name(s) above

[Empty box for Shareholder's Address]

Please write your address above

Appointment of Proxy

I/We being a member/members of Golden Gate Petroleum Limited (the "Company") 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 2000, NSW on Thursday 25 July 2013, at 11.00 am (AEST) (and at any adjournment thereof).

[X] the Chairman of the meeting or [Empty box]

(mark with an "X")

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

Appointing a Second Proxy

[Empty box for Second Proxy Name and Address]

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

or failing the individual or body corporate specified above, or if no individual or body corporate is specified above, the Chairman of the General Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting to be held at the Radisson Blu Hotel Sydney, 27 O'Connell Street, Sydney NSW 2000 on Thursday 25 July 2013, at 11.00 am (AEST) and at any adjournment of that meeting.

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

Table with 4 columns: Item, Description, For, Against, Abstain*. Rows 1-8: Ratification of the Issue of One Convertible Security, 51,470,588 Shares, 50,000,000 Shares, 45,000,000 Options, 50,000,000 Shares, 10,000,000 Options, 125,000,000 Shares, 25,000,000 Options.

* 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

[Empty box for Contact e-mail address]

Contact telephone number

[Empty box for Contact telephone number]

Signature(s)

Individual or Securityholder 1

[Empty box for Signature 1]

Sole Director and Sole Secretary

Securityholder 2

[Empty box for Signature 2]

Director

Securityholder 3

[Empty box for Signature 3]

Director/Company Secretary

Proxies should be lodged with the Company's share registry, Advanced Share Register Services by either facsimile on +61 8 9389 7871 or by mail to PO Box 1156, Nedlands, Western Australia, 6909. To be valid, a proxy form must be received by Advanced Share Registry no later than 11am (AEST) on Tuesday 23 July 2013 (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.

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 <i>Corporations Act 2001</i> (Cth)) 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 Advanced Share Registry no later than 48 hours before the time appointed for the holding of this General Meeting, that is by 11.00 am (AEST) on **Tuesday 23 July 2013**, 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.