Annual Report 2013

Golden Gate Petroleum Ltd ABN 34 090 074 785

Corporate Directory

DIRECTORS	Stephen Graves (Executive Chairman) Christopher Porter (Non-Executive Director) Robert Oliver (Non-Executive Director)
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AUSTRALIAN SECURITIES EXCHANGE CODES	GGP (Ordinary Shares) GGPOA (Listed Options) GGPOB (Listed Options)

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EXECUTIVE CHAIRMAN'S LETTER

Dear fellow Shareholders,

It is my pleasure to present Golden Gate Petroleum Limited's ("Golden Gate" or the "Company") Annual Report for the year ended 30 June 2013.

The Company has had a tumultuous year with several significant events occurring in terms of operational activity, changes to the Company's Board and challenges faced in funding our Permian project while legal actions continue. Overall, the Company has reported a significant large reserve position, the addition to the Company's board of two new highly qualified Directors, drilled its first horizontal well in the Permian project, participated in a new discovery at Napoleonville, sold off assets that were not providing satisfactory returns, significantly lowering overheads to reflect the more focused business position, plus retained options over two potentially high return projects for little investment.

For the first time in the Company's history, it has been able to announce proved and probable reserves. Over 5 million barrels of oil equivalent was calculated by a recognized industry expert in an independent reserves report, mostly associated with our Permian project. This was a significant achievement given Golden Gate's relative small size and limited financial resources. The report identified sizeable contingent resources to further grow the Company's reserve potential. Overall, Golden Gate has an impressive reserves position for a company of its size and represents a strong basis on which to build shareholder wealth going forward.

In November 2012, two new directors joined the Golden Gate Board. Mr. Chris Porter and Mr. Rob Oliver have brought a wealth of geologic and petroleum engineering experience to the Board as we continue to assess projects and the allocation of resources to our projects. Both Chris and Rob participated in key business decisions including the reduction of remunerations to executives as part of a new focused operational approach.

On the operational front, the Company's first horizontal well was drilled in our Permian project. The well was successfully drilled and completed by us within budget. Halliburton implemented their fracture stimulation program on the well but so far the results have been disappointing. At this stage, further work is being done to determine if the well has further production capacity to improve performance. The unsatisfactory result to date of our first horizontal well has not condemned the Wolfcamp interval on the Company's acreage position. Results from nearby operators indicate that the Wolfcamp remains an attractive unconventional resource play but production performance can vary. As more wells are drilled into the various Wolfcamp intervals, the better performing zones are being identified along with the more optimum fracture stimulation schedules.

Given the current underperforming results of our first horizontal well and the on-going legal dispute over the Permian project, the financial resources of the Company have been stretched. Our ability to bring in partners to help fund the Permian's development or finance the project has been seriously restricted.

Every effort to resolve the legal dispute has been explored; however, the litigants have been unwilling to reach a reasonable solution leaving the court actions to dissuade potential investors.

In the meantime, Golden Gate has continued to focus on the Permian project. A new vertical well has been drilled to go along with the initial four wells, plans are in place to drill a sixth vertical well as we move forward with the development of the Permian project in line with our financial abilities.

Golden Gate has eviable potential with its reserves position and growth opportunities. Resolving the legal challenges and bringing in new capital to expand our development activities will be key to our future. The Board and I are appreciative and thank the Shareholders of Golden Gate who have supported the Company over the last year. The Company will continue to focus on its challenges and work to move us forward.

Yours faithfully

Stephen Graves
Executive Chairman

FOR THE FIRST TIME IN THE COMPANY'S HISTORY, IT HAS BEEN ABLE TO ANNOUNCE PROVED AND PROBABLE RESERVES. OVER 5 MILLION BARRELS OF OIL EQUIVALENT WAS REPORTED IN AN INDEPENDENT RESERVE REPORT, MOSTLY ASSOCIATED WITH OUR PERMIAN PROJECT. THIS WAS A SIGNIFICANT ACHIEVEMENT GIVEN GOLDEN GATE'S RELATIVE SMALL SIZE AND LIMITED FINANCIAL RESOURCES.

REVIEW OF OPERATIONS

The Company had a productive year with activity at the Permian, Eagle Ford, Napoleonville, North Edna and Bowtie West projects. The location of these projects is shown in Figure 1. In addition, the Company continued to evaluate the Acadia and Goliad projects in which it has the right to participate in.

The highlight of the year was the announcement of the booking of reserves for the first time in the Company's history.

The independent reserves report was prepared by MHA Petroleum Consultants, LLC of Denver, Colorado "MHA". The report, which was announced on 9 January 2013, attributed over 5.0 million barrels of oil equivalent (BOE) from "P1" (Proved) and "P2" (Probable) reserves to the Permian leasehold assets held in Reagan and Irion Counties, Texas as at October 2012. These reserves were identified as part of the Spraberry-Dean formation in the areas where the Company hold the rights to this formation.
In addition to the P1 and P2 reserves identified in the Spraberry-Dean formation, MHA also identified contingent resource potential from up to three identified intervals / benches in the Wolfcamp formation, with each considered by the Company to have similar potential plus one interval in the Cline formation.

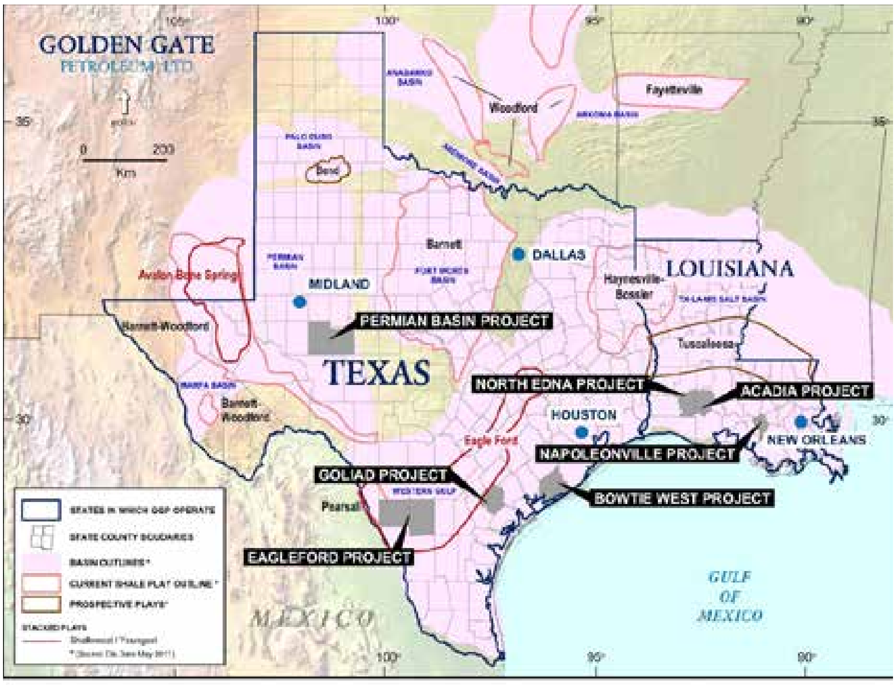


FIGURE 1. Location of Golden Gate's Oil and Gas projects in Texas and Louisiana, USA

The reserves report by MHA included projected income data from the estimated net reserves. On a 10% discounted net cash flow basis, US$69.1 million was attributed to P1 and P2 reserves. The economics used NYMEX oil and gas price projections plus cost estimates confirmed to be realistic by MHA.

The reserves report was based on production performance analysis within the general areas of the Company's holding. In the current leasehold area, a vertical well exploitation program, using forty (40 acre spacing, was assumed for the Spraberry-Dean reservoir.
The anticipated field development plan included four (4) wells drilled by the Company with existing proved developed reserves, twenty-seven (27) proven undeveloped reserves locations and thirteen (13) probable reserves locations.

While the reserves report assumed 40 acre spacing, it also noted that some regional operators had started to develop the Spraberry-Dean formation on twenty (20) acre spacing which may add incremental reserves associated with the higher density spacing.
MHA prepared a further reserves report with P1 and P2 reserves for the Bowtie West, Cutlass (Eagle Ford) and Acadia projects as at October 2012, which

Review of Operations

was announced on 1 February 2013. The report attributed approximately 1.0 million barrels of oil equivalent to the projects for the Company's working interests held in each. The reserves report included projected income data from the estimated net reserves. On a 10% discounted net cash flow basis, approximately US$ 10.8 million was attributed to the P1 and P2 reserves.

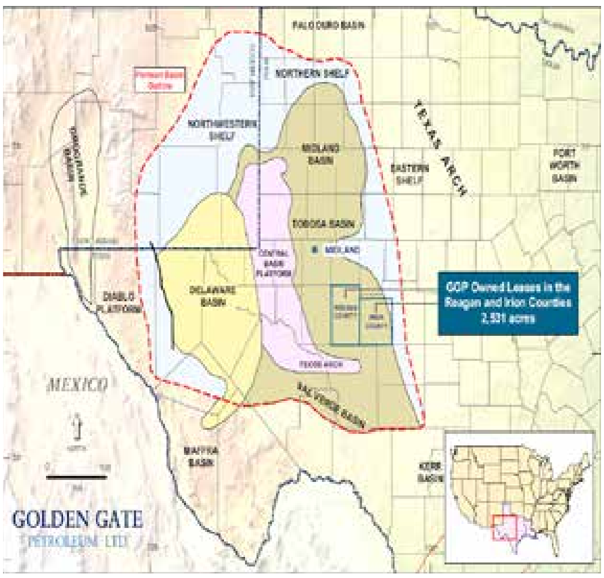
In March 2013 the Company sold its working interest in the Cutlass project and the adjusted total amount of reserves excluding the Cutlass project are shown in the table 1 below. These reserve figures were based on production performance analysis with the general area of the Company's holdings.

Table 1.

Evaluation of Golden Gate's Reserves by MHA

	Permian	Bowtie	Acadia	Total
P1 Reserves				
Net Oil (Mbbls)	1,867.2	1.2	53.5	1,921.9
Net Gas (MMCF)	8,402.4	91.6	535.4	9,029.4
Total 1P Reserves (MBOE)	3,267.6	16.4	142.8	3,426.8
PV10 (US$MM)	$45.77	$0.24	$2.35	$48.36
P2 Reserves				
Net Oil (Mbbls)	1,012.4	3.7	67.7	1,083.8
Net Gas (MMCF)	4,555.8	287.9	676.5	5,520.2
Total 2P Reserves (MBOE)	1,771.8	51.7	180.4	2,003.9
PV10 (US$MM)	$23.29	$0.25	$3.26	$26.80
Total P1 & P2 Reserves (MBOE)	5,039.4	68.1	323.2	5,430.7
P1 & P2 Reserves PV10 (US$MM)	$69.06	$0.49	$5.61	$75.16

Location of Golden Gate's Permian Project in Reagan and Irion Counties, Texas



Permian Basin Project

Reagan & Irion Counties, Texas, USA, 100% Working Interest

During 2012/2013, the Company's two test wells the SRH #1 and SRH #2 were used to investigate various completion techniques, review initial fracture stimulation programs and monitor production from the Wolfcamp intervals. Additionally the testing program determined that certain additives introduced to the oil being produced from the Cline interval would allow this oil to be produced simultaneously with the Spraberry, Dean and Wolfcamp intervals. Previously the Cline interval needed to be isolated as its oil properties prevented it from co-mingling with the hydrocarbons produced from the other intervals.

The Company successfully drilled and completed its first horizontal well (SRH #5H) in December 2012. The well reached 11,404 feet with a total vertical depth of 7,070 feet and a horizontal section of approximately 4,700 feet. In April 2013, Haliburton commenced the hydraulic fracturing of the Wolfcamp interval they selected using their recommended frac plan. The hydraulic fracturing used 66,000 barrels of frac fluid and put away 1.865 million pounds of sand across the stages.

During April 2013, the SRH #5H well continued to unload frac fluid unaided, until the Company elected to install pumping equipment, which occurred when the flow rate had tapered off to around 40 barrels per day compared to an initial rate of 900 barrels per day.

The SRH #1 and SRH #2 wells recommenced production in April 2013. Both of these wells will undergo further fracture stimulation in the Spraberry-Dean interval when funding constraints allow, now that sufficient production data from the Wolfcamp / Cline intervals has been obtained.

Prior to installing the pump, a clean out check with coil tubing was conducted. In early May 2013, pumping on the well had started at a rate of 990 bbls of fluid

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per day. That rate continued until the well experienced oil break-through, plus gas, when the pump rate was slowed to approximately 550 barrels of fluid per day so as to run the production through the temporary production facilities.

After oil break through occurred, the oil cut in the production stream gradually increased to 25 percent by mid-May 2013. Thereafter, an emulsion reducing additive to chemically treat the oil and frac fluid emulsion that was being produced was added to the flow stream and the oil cut increased to approximately 35%.

The Company along with Haliburton and others then began to evaluate other means of producing from the well due to problems being experienced with the downhole pump due to the high gas-liquid ratio in the produced fluids.

On 7 June 2013, the Company announced that the downhole pump would be replaced by a gas lift system, which came into operation in mid-June. After an initial high rate of oil on gas lift, thought to be due to extended shut-in of the well, the oil rate from the well has been disappointing.

The reasons for the lower than expected oil rate are yet to be fully determined, and a number of causes are being investigated, including a blockage in the well bore from formation deposits coming through the perforations, a chemical reaction between frac fluid and the formation or the actual formation not permitting the oil in place to flow. The Company continues to evaluate possible remedial actions to improve performance.

The SRH #6 well was successfully drilled and completed in June 2013. The drilling of the SRH #6 well met the Company's drilling obligations under the continuous drilling requirement for the L-771 leases. This lease contains 5 million barrels of 1P and 2P reserves in the Spraberry / Dean intervals.

Gas shows with readings above 3,000 units had been experienced across several of the intervals as well as oil florescence recorded across the primary targets and oil circulating to the surface while conditioning the hole. The SRH #6 well is currently awaiting fracture stimulation pending normal well treatments being completed, a frac plan developed and sufficient funding resources in place.

The SRH #3 & SRH #4 wells remained on production for the financial period apart from regular maintenance downtime.

Production for the year was:

Well	Oil	Gas	Condensate
	BBL	MCF	Gallons
SRH #1	738	2,365	13,971
SRH #2	1,498	3,860	24,733
SRH #3	7,055	18,633	118,015
SRH #4	8,351	19,204	103,273
SRH #5H	1,034	987	6,711
Total	18,676	45,049	266,703

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Napoleonville Project

Dugas & Leblanc #3 well, Assumption Parish, Louisiana, Non-Operator, 15% Working Interest

The Dugas & Leblanc #3 well has been on production since 19 July 2011 and was on production during the 2012 / 2013 financial year.

Oil production for the year was:

	Production	GGP Share
Well	BBL	BBL
Dugas & Leblanc #3	73,875	11,081
Total	73,875	11,081

Gas production for the year was:

	Production	GGP Share
Well	MCF	MCF
Dugas & Leblanc #3	145,988	21,898
Total	145,988	21,898

Partners in the Dugas & Leblanc #3 well are:

Company	Working Interest
Grand Gulf Energy Ltd	39.4%
Golden Gate Petroleum Ltd	15.0%
Other Partners	45.6%

Hensarling #1 well
Assumption Parish, Louisiana, Non-Operator, 3.99% Working Interest

The Hensarling #1 well was successfully drilled and completed during the financial period. In June 2013, the Hensarling #1 well had achieved flow rates of 370 barrels of oil per day and 70 mcf of gas per day. The well was shut in until production facilities were installed on site. The well commenced commercial production on 3 July 2013.

The Desiree prospect, where the Hensarling #1 well is located, covers an area of 140 acres in Assumption Parish, Louisiana, and is being operated by a large US oil and gas company. Total drilling costs were US$3.6 million. The Company's share of the drilling costs was funded in August 2012 and in addition, the Company will be carried for a 3.85% working interest on the next well drilled at the prospect which is scheduled before year end 2013. The primary objectives are the Cris R II and III intervals which, based on Grand Gulf Energy's (ASX: GGE) post drill estimate, contains resources of 952,000 barrels of oil and 0.4 BCFG.

Partners in the Hensarling #1 well are:

Company	Working Interest
Grand Gulf Energy Ltd	35.60%
Golden Gate Petroleum Ltd	3.99%
Other Partners	60.41%

Dugas & Leblanc #1 well
Assumption Parish, Louisiana, Non-Operator, 15% Working Interest

On 24 July 2013, the Company announced that a commercial settlement had been reached between the land-owners affected by the Dugas & Leblanc #1 well blowout and the JV partners. In addition, a commercial settlement between the JV partners and the workover operator of the rig had been reached. These settlements were achieved without additional cash outlay by the Company.

The Company continues to have ongoing exposure to personal injuries cases that are pending. Under the settlement with the landowners, the JV partners remain obligated to complete the remaining remediation of the land affected by the blowout.

The Company believes that its insurance will more than cover any expected liability from either legal or remediation.

North Edna Project

Walker Properties #1 well, Jefferson Davis Parish, Louisiana, Non-Operator, 11.2% Working Interest

The Walker Properties #1 well was drilled and completed in the Herpin Sand during the year. The Company retained an 11.2% carried working interest after a farm out. Electric logs were run and analysis was conducted. The result of the analysis suggested that the target interval was not sufficiently high to the earlier well drilled in the same formation and was most likely wet.

As a consequence, the Company elected not to participate in the testing of the interval and is no longer in the project. All costs of this well through logging were on a carried basis. Subsequent testing and completion work would have required payment for our working interest position including abandonment charges should testing have proved unsuccessful.

Partners in the North Edna Project are:

Company	Working Interest
Golden Gate Petroleum Ltd	11.25%
Other Partners	88.75%

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Bowtie West Project

Sugar Valley #1 well, Matagorda County, Texas, Non-Operator, 12% Working Interest

The Sugar Valley #1 well spudded on 23 March 2012 and reached total vertical depth of 12,750 feet on 7 May 2012.

The well recorded two gas shows on mud logs and subsequently underwent electric logging which confirmed two potential gas / gas condensate discoveries in both the primary target, which is a Vicksburg sandstone reservoir (Tex-2 formation) and the shallower Cib 10 / Anomalina B sandstones. It was decided to complete the well, perforate the lower primary target and do a frac pack, which is used in surrounding producing wells completed in the same formation.

Based on the electric logs, the primary target has a gross pay interval of 32 feet full to base and is highly laminated in the lower section while being 60 feet high to the down-dip well drilled in the 1970's. The secondary target had gas shows with over 3,700 maximum gas units recorded along with heavies while drilling with a 15.1lb mud weight. Two intervals in the shallower target were identified with 9 feet of net gas pay.

The Company paid 13.3% of the drilling costs to earn a 12% working interest.

In July 2012, initial production testing, while the well was cleaning up and displacing completion fluid, tested up to a 3.2 million cubic feet of gas per day rate and a 31.2 bbls of 48 gravity oil per day rate.

After a lengthy delay, the pipeline was completed and tied into the main transmission line. Commercial production commenced on 12 December 2012.

Oil production for the year was:

	Production	GGP Share
Well	BBL	BBL
Sugar Valley #1	1,828	220
Total	1,828	220

Gas production for the year was:

	Production	GGP Share
Well	MCF	MCF
Sugar Valley #1	182,217	21,866
Total	182,217	21,866

Partners in the Bowtie West project are:

Company	Working Interest
Golden Gate Petroleum Ltd	12%
Other Partners	88%

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Eagle Ford Shale Development

Cutlass West A #1 & Cutlass East A #1wells, Dimmitt and La Salle Counties, Texas, Non-Operator, 10% Working Interest

After extensive analysis of both the commercial and technical aspects of the Cutlass project, the Company announced in March 2013 that it had elected to sell its 10% working interest to an existing partner in the project. The sale price was US$1.7 million less any outstanding expenses, which netted the Company US$1.632 million. The Company recorded a net loss on the disposal of the working interest of $333,321.

The Cutlass project had been a good opportunity to participate in an unconventional development program which diversified the Company's overall position across the Eagle Ford and Permian. From a technical standpoint, the Cutlass project had remained untested due to neither of the two wells drilled having been fracced or put on production while the Company was a working interest participant in the project.

The Company believed that it could achieve better outcomes in the Permian project and the proceeds of the sale of the Cutlass working interest were used for further development of the Permian project.

Bullseye Project

Iberville Parish, Louisiana, 54.25% Working Interest

In August 2012, the Company announced the sale of its working interest in the Bullseye Project. The economic effect of the disposal was to be as of 1 June 2012. The Company received $769,000 and recorded a net loss of $450,660 on the disposal of the working interest and avoided the eventual plug and abandonment costs for existing wells plus the expense of remediating the surrounding woodlands area back to pre-drilling status.

The Company had hoped to have tested the Camerina interval from one of the existing wells, however there were too many mechanical challenges and added geologic risks that made the chances for a satisfactory outcome less certain. The Company used the sale proceeds to fund further development of the Permian project.

Acadia Project

Acadia Parish, Louisiana, 34% Working Interest

In June 2012, the Company acquired the rights to a 34% working interest in a Louisiana based project with estimated resources of 446,000 barrels of oil and 4.1 billion cubic feet of gas. The Company will be the operator.

The new well will twin an abandoned well that produced for over 60 days before experiencing mechanical difficulties when oil and gas prices were uneconomic in the 1980's.

A fixed price turnkey well and completion program for US$3.0 million has been put together to drill to 11,500 feet and test the Camerina and Marg 7 targets.
One well should drain the structure.

Subject to financial constraints, the Company's participation in the Acadia project is expected to commence in 2014.

Partners in the Acadia Project are:

Company	Working Interest
Golden Gate Petroleum Ltd	34%
Other Partners	66%

Goliad Project

Goliad County, Texas, Non-Operator, 25% Working Interest

The Company has acquired the rights to a 25% working interest in a project covering 752.02 acres in Goliad County, Texas. The acreage is immediately up-dip and adjacent to two vertical wells drilled and completed in 2008 which tested approximately 1.5MMCF/PD gas and 450 BBL/PD condensate pre-frac.

Initially two wells will be drilled with the possibility of subsequent development. The Upper Wilcox and 1st and 2nd Mackhank will be developed. Wells will have a 10,800 feet vertical section, with a 2,500 feet horizontal leg that will be fracture stimulated in either the 1st or 2nd Mackhank interval, based on logging and testing the vertical section. The first well is expected to be drilled in 2014 at a cost of approximately US$3.5 million, including project infrastructure. Partners in the Goliad Project are:

Company	Working Interest
Golden Gate Petroleum Ltd	25%
Other Partners	75%

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Fausse Point Project

TGR #1 Well, Iberia Parish, Louisiana, Operator, 18% Working Interest

The Company was advised by the primary working interest owner of the TGR Lands #1 well, Verus Investments Limited, "Verus", (ASX: VIL) that they had agreed to plug and abandon the well. Verus had a 72% working interest in the well and as majority owner ultimately decided the action regarding the well.

The Company, as operator, will commence the plug and abandonment of the well in due course. Production tubing, some casing and production facilities including tanks and separator will be sold with the proceeds offsetting a significant portion of the cost to abandon the well.

Padre Island Project

Padre Island, Texas, Operator

All operations including the process of plugging and abandoning the ST212 and ST949 wells have been completed. Final removal of the site material at ST949 continues.

Contract Drilling & Operator

The Company had been reviewing various prospect proposals throughout Texas and Louisiana. A prospect called the Galindo project was reviewed but determined to fall outside our investment criteria, given the small size of the project and the commitments the Company has in the Permian and elsewhere.

The working interest partners in the Galindo well asked the Company to contract operate and drill the well for a fee which was done. The Company has no working interest in this well. The Company will earn a small ongoing fee as operator of the well.

Corporate

In September 2012, the Company held a General Meeting of Shareholders to approve:

1. ratification of the issue of 53,400,000 convertible notes;
2. ratification of the issue of 3,000,000 Shares to Novus Capital Limited,
3. ratification of the issue of 1,284,328 shares;
4. ratification of the issue of 474,495 shares;
5. ratification of the issue of 173,076,921 shares;
6. approval of the proposed issue of 48,557,462 shares and 221,635,383 options; and
7. the approval of the proposed issue of up to 200,000,000 new convertible notes (subsequently amended at the meeting to 100,000,000 new convertible notes).

All resolutions were carried on a show of hands.

In October 2012, the Company received a notice under section 249D of the Corporations Act 2001 from a representative of a group of shareholders who held at least 5% of the votes that may be cast at a general meeting of the Company. Among other things the notice requested that the Company convene a general meeting to consider five resolutions.

The five resolutions proposed were for the removal of two directors, the election of two directors nominated by the requisitioning shareholders and a resolution to restrain and /or estop a broker from issuing convertible notes the subject of Resolution 7 from the general meeting of the Company held in September 2012. The Company determined that the fifth resolution could not be put to the meeting.

On 9 November 2012, the Company held its Annual General Meeting for 2012. At this meeting a vote in excess of 25% was recorded against the adoption of the remuneration report which constituted a first strike under the Corporations Act 2001. If this figure is recorded again at the 2013 Annual General Meeting then a vote will be held to determine whether there is 50% support for the spill of the board of directors, other than the Managing Director.

At this meeting Mr Frank Brophy was re-elected as a director, Grant Thornton was appointed Auditor of the Company (due to a merger of the Melbourne office of BDO Audit Pty Ltd {the Company's auditor} with Grant Thornton but shareholders did not approve of granting the Company an additional 10% placing ability, due to the required 75% special resolution level not being reached.

On 20 November 2012, the Company appointed Mr Christopher Porter and Mr Robert Oliver as Non-Executive directors. At the end of November Mr Frank Petruzzelli and Mr Frank Brophy resigned as directors.

The requisitioned meeting was held on 19 December 2012. The Chairman decided that the remaining four resolutions would all be determined by a poll. All resolutions were defeated.

A further general meeting was held on the same day in which the Company put forward resolutions for the shareholders to re-elect Mr Porter and Mr Oliver as directors. These resolutions were carried.

In December 2012, the Company concluded the Series 3 Convertible Note issue raising $2.58 million through the issue of 51,600,000 secured convertible notes. The Convertible Notes mature on 30 September 2014 and have a face value of 5 cents and an interest rate of 10% payable quarterly in arrears. The notes can be converted at any time up to maturity at a rate of 90% of the 5 day VWAP prior to the Company receiving the notice of conversion, Note holders also retain an entitlement to a 5% net profit interest of the SRH #5H well, irrespective of whether or not they have converted the notes into shares.

In January 2013, the Company commenced a 1:4 partially underwritten pro-rata non-renounceable entitlement issue of 1 new shares for every four shares held by eligible shareholders. The Entitlement Issue Prospectus allowed for the issue of up to 700,320,393 new shares at an issue price of $0.005 per new share, together with one free new option for every new share subscribed for, to raise up to $3.5 million. The Entitlement issue was partially underwritten to $3.2 million.

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The Company raised $3.2 million to assist in funding the drilling and fracture stimulating of the SRH #5 well.

In March 2013, the Company entered into a Working Capital Funding Agreement for up to $7.5 million over a two year period from March 2013. The facility is with The Australian Special Opportunity Fund, LP which is managed by The Lind Partners, LLC.

Under the agreement the Company received $600,000 on execution in the form of a $500,000 convertible security and $100,000 in a prepayment as part of the first tranche of a monthly share subscription whereby Lind would invest from $100,000 to $300,000 per month over the two year period. As at 30 June 2013 the Company has drawn down a total of $950,000 from the facility. For more details, refer to the Notice of Annual General Meeting which was released to the ASX on 24 June 2013.

On 6 June 2013 the Supreme Court of Western Australia handed down an order that Arturus Capital Limited be wound up. Arturus Capital Limited (ASX: AKW) had given the Company certain warranties connected with the purchase of the Permian project leases. The Company has lodged a proof of debt with the Liquidator.

FORWARD LOOKING STATEMENTS & COMPETENT PERSONS STATEMENT

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

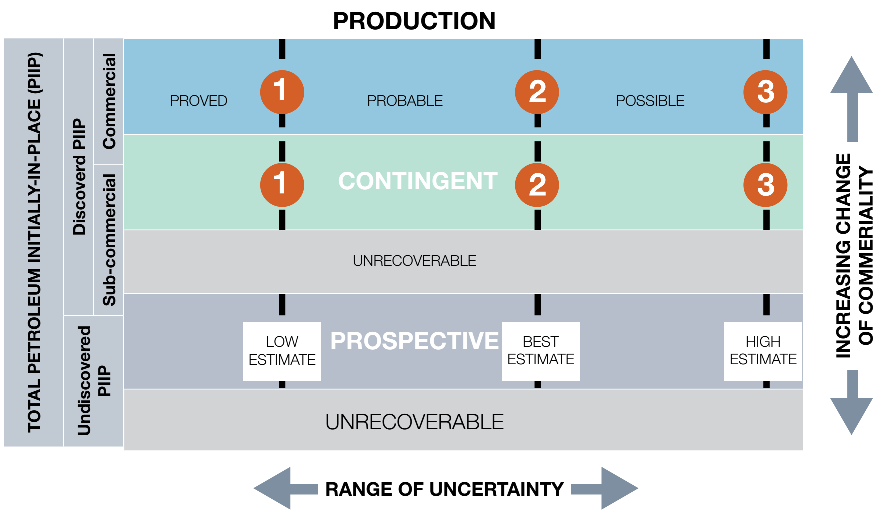
Any references to dollars, cents or $ in this report are to Australian dollar currency, unless otherwise stated.

Information in this report that relates to Hydrocarbon Reserves and or Resources in regard to the Permian project is based on information compiled by the staff of MHA Petroleum Consultants LLC, including Timothy L. Hower, BS (Petroleum Engineering), MS Petroleum Engineering), CEO of MHA Petroleum Consultants LLC and Julianna Sipeki BS (Metallurgy and Materials). Mr Hower and Ms Sipeki are not employees of Golden Gate Petroleum Limited and consent to the inclusion in this report of these reserve figures in the forma and context in which they appear.

Technical information in this Annual Report, has been reviewed and signed off by Mr George Placke, Petroleum Engineer, with over 30 years' experience within the oil and gas sector and an extensive background in oil and gas operations in Texas and Louisiana, USA.

Reserve Estimates

Reserves in this document were assigned on the basis of the Petroleum Resources Management System ("PRMS") definitions published by the Society of Petroleum Engineers (www.spe.org). These definitions are generally accepted as standard in the U.S. oil and gas industry, and this report follows these guidelines for categorizing reserves.



The relative uncertainty of reserves is characterized by reference to deterministic categories – proved, P1 ("much more likely than not"); probable, P2 ("as likely than not"); and possible, P3 ("possible, but not likely") – or in probabilistic terms. If probabilistic methods are used, there should be at least a ninety percent (90%) probability that the quantities of proved reserves actually recovered will equal or exceed the estimate. For probable and possible reserves, the exceedance probabilities are fifty percent (50%) for probable and ten percent (10%) for possible reserves.

DIRECTORS' REPORT

1. DIRECTORS AND COMPANY SECRETARY

The directors of the Company at any time during or since the end of the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

Stephen Graves BA Economics (Cum Laude), MBA (Executive Chairman)

Mr Graves has over thirty (30) years' experience in the oil and gas industry both in Australia and overseas. Previously Mr Graves was Executive Chairman of Orchard Petroleum Ltd. Orchard Petroleum was transformed from a purely exploration company to a company with reserves and production that was eventually taken over in April 2007. Mr Graves was instrumental in this transformation. Prior to Orchard, Mr Graves worked for Mobil Corporation and affiliated companies for twenty three (23) years. He has also been an independent consultant to the energy industry, a senior consultant to Ernst & Young and has extensive experience with funding infrastructure projects. During the past three years, Mr Graves has not served as a director of any other listed companies.

Christopher Porter BSc (Hons) Geology, MSc Petrophysics (Non-Executive Director) – Appointed 20 November 2012

Mr Porter has extensive senior management and consulting geological experience in the oil & gas industry, working with such companies as Phillips Petroleum, Western Mining Corporation ("WMC") and Santos Limited. Mr Porter initiated WMC's oil and gas section and prior to leaving was General Manager, having established hydrocarbon reserves in the Cooper Basin and production offshore from Western Australia. Mr Porter was a non-executive director of the ASX listed oil & gas company Cooper Energy Limited from 2002 to 2011.

Robert Oliver BE Mechanical Engineering (Hons) (Non-Executive Director) – Appointed 20 November 2012

Mr Oliver has extensive operational experience in the oil & gas industry. He has worked on drilling and completion work internationally for BHP Billiton in the Middle East and West Africa, Exxon in the USA and Esso in the UK and Australia. Mr Oliver's management experience includes completion work involving fracture stimulation programs and other similar activities. Mr Oliver's industry course work has included horizontal and extended reach practices, production and reservoir engineering and log interpretational work.

Frank Petruzzelli B.Bus (Acc), FNTA, PNA (Non-Executive Director) – Resigned 30 November 2012

Mr Petruzzelli is a principal of MDB & Co, an Australian accounting firm, and was a director of the Company from May 2001 to his resignation in November 2012. He is an accounting and management services specialist and advises many ASX listed companies and large private organisations. During the past three years, Mr Petruzzelli has served as a director for Solimar Energy Ltd, an ASX listed company since June 2007.

Frank Brophy BSc (Hons) (Non-Executive Director) – Resigned 30 November 2012

Mr Brophy is a geologist with more than forty five (45) years' experience in the Oil and Gas industry as a petroleum exploration and development consultant. Mr Brophy has an extensive background in petroleum exploration, development, and production projects across the world with companies that became subsidiaries of Elf Aquitaine and Maurel & Prom. Mr Brophy has served as a director for AIM listed Empyrean Energy PLC since July 2005.

Chris Ritchie B.Bus Acc, Grad Dip Int. Bus., FCPA FCIS (Company Secretary)

Mr Ritchie is a CPA with over twenty five (25) years' experience in ASX listed companies. Mr Ritchie has experience in the energy & resources sector with several of Australia's largest engineering contractors and services companies in the financial management of the construction of major oil and gas infrastructure projects. Mr Ritchie is a Fellow of CPA Australia and a Fellow of Chartered Secretaries Australia.

Directors' Report

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the current directors in the shares and options of the Company were:

	Ordinary Shares	Listed Options	Un-Listed Options	Expiry	Exercise price ($)
Stephen Graves	20,018,645	2,803,729	-	31 Dec 2014	$0.02
Christopher Porter	2,500,000	-	-	-	-
Robert Oliver	-	-	-	-	-

Directors' meetings

The number of directors' meetings held during the financial year each director held office and the number of meetings attended by each director are:

Director	A	B
Stephen Graves	7	7
Frank Petruzzelli	1	1
Frank Brophy	1	1
Christopher Porter	6	6
Robert Oliver	6	6

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

The Company does not have a separate audit or remuneration committee and these matters are addressed at board meetings when required.

Directors' Report

2. OPERATING AND FINANCIAL REVIEW

Overview of the consolidated entity

The Company had a productive year with activity undertaken at the Permian, Bowtie West, Napoleonville and North Edna projects.

The Company was able to report a reserve position, based on reports produced by independent petroleum consultants, MHA Petroleum Consultants, LLC, from Denver Colorado, USA, for its Permian, Bowtie, Acadia and Cutlass projects, for the first time in its history, of approximately 6.0 million BOE from P1 and P2 reserves. On a discounted net cash flow basis this totalled approximately USD78,880,000. After the sale of the Cutlass Project, these totals were reduced to approximately 5.4 million BOE and USD75,160,000.

The P1 and P2 reserves are shown in the table below:

	Permian	Bowtie	Acadia	Total
P1 Reserves				
Net Oil (Mbbls)	1,867.2	1.2	53.5	1,921.9
Net Gas (MMCF)	8,402.4	91.6	535.4	9,029.4
Total 1P Reserves (MBOE)	3,267.6	16.4	142.8	3,426.8
PV10 (US$MM)	$45.77	$0.24	$2.35	$48.36
P2 Reserves				
Net Oil (Mbbls)	1,012.4	3.7	67.7	1,083.8
Net Gas (MMCF)	4,555.8	287.9	676.5	5,520.2
Total 2P Reserves (MBOE)	1,771.8	51.7	180.4	2,003.9
PV10 (US$MM)	$23.29	$0.25	$3.26	$26.80
Total P1 & P2 Reserves (MBOE)	**5,039.4**	**68.1**	**323.2**	**5,430.7**
P1 & P2 Reserves PV10 (US$MM)	$69.06	$0.49	$5.61	$75.16

Directors' Report

Permian Project

100% WI, Operator, Texas

The Company has four vertical wells on production (SRH #1, #2, #3 and #4) at the Permian project although two of the wells have additional frac stages to be completed (SRH#1 and #2). The Company's first horizontal well (SRH #5H) was drilled, completed and fraced during the year but remains under a prolonged period of testing due to the disappointing flow rate achieved from this well to date.

The Company also drilled a further vertical well (SRH #6) during the year and this well is currently awaiting fracture stimulation pending normal well treatments to be completed, a frac plan developed and sufficient funding resources in place.

During the year, the Company announced that it would be extending the L-771 and L-772 leases through 30 June 2013. Additionally the drilling of the SRH #6 well extended the leases for a further 120 days under the continuous drilling clauses of the leases. The L-773 and L-774 leases were not renewed as neither the geologic nor technical work had been conducted due to the higher priority placed on the northern leases in Reagan County. All of the recorded 1P and 2P reserves reside within the L-771 lease that was extended.

Bowtie West

12% WI, Non-operator, Texas

The Sugar Valley #1 well was completed and put on production during the year.

Napoleonville

15% WI Dugas & Leblanc #3, 3.99% WI Hensarling #1, Non-operator, Louisiana

The Dugas & Leblanc #3 well continued on production during the year. The Hensarling #1 well was drilled and completed during the year. The well commenced commercial production in July 2013.

A summary of the financial year's drilling campaign is below:

	WI	Completion	Status
Louisiana			
Hensarling #1 well	3.99%	June 2013	Commercial Production commenced July 2013
Walker Properties #1 well	11.2%	-	Company exited project April 2013
Texas			
SRH #5H well	100%	February 2013	Undergoing Testing Program
SRH #6 well	100%	June 2013	Awaiting fracture stimulation program
Sugar Valley #1 well	12%	July 2012	Commercial production commenced December 2012

North Edna

11.2% WI, Non-operator, Louisiana

The Walker Properties #1 well was drilled and completed during the year. The electric log analysis suggested that the target interval was most likely wet and the Company elected not to participate further in this project. All costs associated for this well were on a free carried basis due to the sale of our working interest in this project in the previous financial year.

Eagle Ford Project

10% WI, Non-operator, Texas

The Company sold its 10% working interest in the Cutlass project during the year for USD 1.7 million.

Fausse Point

18% WI, Operator, Louisiana

The Company was advised by the primary working interest owner that they had agreed to plug and abandon the well. The Company, as operator plans to plug and abandon the well in due course with the expected sale of production equipment and pipe to offset the plug and abandonment costs.

Directors' Report

Corporate

The Company operated throughout the year in a very difficult capital raising market. These market conditions and a legal action over the Permian project leases have been major impediments to the Company developing the Permian project. To enable the limited development of the project, the Company raised approximately $2.5 million from the issue of Series 3 secured convertible notes and approximately $3.2 million through a 1:4 entitlement partially underwritten offer to existing shareholders.

In addition the Company entered into a Working Capital Funding agreement with New York based, The Australian Special Opportunity Fund, LP, which is managed by Lind Partners, LLC. The facility offers working capital funding up to a total of $7,500,000 over a 24 month period through to March 2015. As of 30 June 2013 the Company had drawn down $950,000.

In April 2013 the Company commenced an overhead reduction program to achieve a twenty five percent (25%) reduction in overhead expenditure, requesting senior staff members and consultants to take pay cuts and / or reduce hours charged to assist in bringing costs more in line with revenue.

Please refer to the Review of Operations for a more detailed review of the year's operations.

Financial

The consolidated net loss for the economic entity for the year ended 30 June 2013 was $5,528,461 (2012: $4,766,272).

The consolidated net loss is as a result of a number of factors which include:

1. Continued remedial work on all vertical wells which increased down time for all four (4) wells and contributed to a decrease in oil and gas revenue of 5.6%

   The Company's share of oil production decreased from 30,699 BBL to 29,977 BBL, a decrease of 2.4%. Gas production decreased from 105 mmcf to 89 mmcf, a decrease of 15.2%. Condensate production increased from 201,522 gallons to 266,700 gallons.

2. The SRH #5H well has not reached the level of production needed and the Company continues to explore alternatives to increase production;

3. Impairment write-downs on its exploration and development assets totalling $1,185,492 (2012: $3,272,784);

4. The loss on the disposal of the Bullseye project of $450,660 and Eagle Ford project of $333,321.

5. Administration costs increasing by $616,442 from the previous year due to additional consultants and legal fees incurred that could not be capitalised into the development program. Overheads for the second six months of the year were $465,565 less than the first six months, a total reduction of 29%. Further overhead reductions were implemented from 1 July 2013.

The highlight for the year is that the Company has been able to book reserves for the first time in the Company's history.

Total assets have increased from $25,614,281 in 2012 to $29,752,583 in 2013, an increase of 16.2%, and net assets have increased from $18,578,484 in 2012 to $22,424,333 and increase of 20.7%.

The Company does face significant challenges as it moves to reduce trade payables associated with the drilling and completion of the SRH #5H and SRH #6 well. These wells completed towards the end of the financial year have caused the Company's current liabilities to exceed its current assets by $3,489,551 at 30 June 2013.

During the year the Company raised a total of $3,231,210 in cash through a 1:4 partially underwritten entitlement issue to existing shareholders and $2,580,000 through the issue of secured convertible notes to assist with the working capital requirements of its development and exploration program. The Company also entered into a Working Capital Funding facility of up to $7.5 million over a two year period commencing in March 2013. As at 30 June 2013 the Company had drawn down $950,000, consisting of a $500,000 convertible security and $450,000 through the issue of shares.

The Company has a 15% working interest in the Dugas & Leblanc #1 well. This well suffered a blowout on 11 August 2010. The Company carries insurance in excess of the projected total outlay for the Company's share of the cost of the blowout. Several of the lawsuits have been settled without further cash outlay to the Company. Further details are provided in the Contingent Liabilities Note.

Directors' Report

Strategy and investments for future performance

The Company is continuing to seek out high potential value and reasonable cost opportunities onshore in the Gulf Coast states, USA. The Company has a clear strategy to achieve profitability and reserves growth through oil and gas development and exploration by continuing to develop the Permian and Napoleonville projects as well as continuing to assess the viability of the Acadia and Goliad projects, which target in the Company's view, moderately low risk high impact conventional and non-conventional oil and gas plays located onshore in Louisiana and Texas. The forward programme will involve both operated and non-operated ventures. The Company will modify its working interest in projects in order to achieve the best return on investment for shareholders.

The Company continues to consider new opportunities from:

> Developing prospects from licensed seismic data;
> Farm-ins to exploration and development prospects at reasonable terms;
> Entering into joint venture agreements; and
> Strategic farm outs to balance the overall portfolio risk and return.

The Company ranks these opportunities on a risk versus reward basis, preferring those opportunities that have minimal up-front cost exposure with high potential future value.

Performance indicators

The board and management team work together in preparing strategic plans and budgets. Key performance indicators identified from the plans and budgets are used to monitor performance.

Dynamics of the business

Continued high oil prices has meant that demand for quality onshore prospects has remained high. The level of drilling activity in the Permian Basin, has created heavy competition from competitors for drill rigs, frac crews and staff due to the limited supply in the Permian area. On the gas side, there has been an over-supply in the North American market which has prices soft, although many projects with contractual supply commitments continue to be developed. The Company's strategy has been to focus on onshore oil and gas projects at shallow to medium depths while maintaining a strong geophysical, geological and operational knowledge base with expertise in Texas and Louisiana. By staying focused mainly on oil with local representation, the Company can evaluate new prospects in a competent and timely manner which is seen as a significant competitive advantage to other foreign players in the market.

Production	2013	2012	2011	2010	2009
Oil (BBL)	29,977	30,699	26,306	58,624	44,607
Gas (MMCF)	89	105	40	106	590
Condensate (Gal)	266,703	201,522	-	-	-
Sales Revenue (AUD$)	3,491,266	3,696,947	2,698,372	5,812,483	8,366,982*

*Includes revenue from discontinued operations

Directors' Report

3. PRINCIPAL ACTIVITIES

The principal activities of the entities within the Consolidated Entity during the financial year were hydrocarbon production and exploration in the Gulf Coast region of the United States of America. There has been no change in the principal activities from the prior period.

4. RESULTS

The net loss after income tax of the Consolidated Entity for the financial year ended 30 June 2013 totalled $5,528,461 (2012: $4,766,272).

5. DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year, or to the date of this report.

6. CORPORATE STRUCTURE

The Company is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated report incorporating the entities that it controlled during the financial year.

7. EARNINGS PER SHARE

The basic loss per share for the Company for the year 2013 was 0.18 (2012: 0.26) cents per share.

8. EMPLOYEES

At the end of the year, the Company had six (6) full time employees (2012: six (6)). Since year end full time staff has been reduced to four (4) employees.

9. SHARE OPTIONS

Shares issued as a result of the exercise of options. During the year no options were exercised. In the previous year, 888 options were exercised at 8 cents per share.

Un-issued Shares

As at the date of the report, there were un-issued ordinary shares under option.

Number of Options	Listed / Unlisted	Exercise Price	Expiry Date
173,076,921	Listed	$0.05	31-Dec-2014
646,242,000	Listed	$0.02	31-Dec-2014
45,000,000	Unlisted	$0.02	19-Mar-2016
10,000,000	Unlisted	$0.0024	19 Apr-2016
25,000,000	Unlisted	$0.0012	22-May-2016
11,000,000	Unlisted	$0.0015	27-Jun-2016
13,400,000	Unlisted	$0.0012	31-Jul-2016
13,111,111	Unlisted	$0.0011	6-Sep-2016
936,830,032			

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company. All options (if exercised) would convert at a ratio of 1 fully paid ordinary share for every 1 option.

10. REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors, executives and key management personnel of the company in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report key management personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The remuneration report is set out under the following main headings:

A. Principles of compensation

B. Service agreements

C. Details of remuneration

D. Share based compensation

Directors' Report

A. Principles of compensation

The remuneration policy of the Company has been designed to align director and executive objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel and directors to run and manage the Consolidated Entity. The key management personnel of the Company are the executive and non-executive directors, company secretary and officers of the parent entity. For the purposes of this report, the term 'executive' encompasses the executive directors and officers of the Consolidated Entity. The board's policy for determining the nature and amount of remuneration for board members and key management personnel of the Consolidated Entity is as follows:

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Fixed remuneration

The remuneration policy, setting the terms and conditions for the executive directors and key management personnel, was developed by the board. All key management personnel are remunerated either as an employee or on a consultancy basis based on services provided by each person. The board reviews key management personnel packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of director fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting (currently $200,000). Fees for non-executive directors are not linked to the performance of the Consolidated Entity.

However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in employee option plans that may exist from time to time.

Variable remuneration – short term incentive (STI)

There is currently no variable short term incentives provided to management in the form of a STI or bonus program. The board is of the opinion that the variable long term remuneration provided to directors and executives is sufficient to align the interest of management with shareholders.

Variable remuneration – long term incentive (LTI)

Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. Currently there are no long term incentives provided to management. The board as a whole agrees upon an appropriate level of remuneration incentive for each director, which then requires shareholder approval, relative to their involvement in the management of the Consolidated Entity. The main performance criteria of the LTI remuneration is increasing shareholder value through aligning the company with high quality exploration assets, which in turn should increase share price. There are no specific performance hurdles attached to options issued to directors, however, the exercise price of options is set at a level that encourages the directors to focus on share price appreciation. The Company believes this policy will be effective in increasing Shareholder wealth. On the resignation of directors, the options issued as remuneration are retained by the relevant party for a period of 21 days, following which if they are unexercised the options terminate. For details of directors and key management personnel interests in options at year end, refer note 21.

Executive remuneration is not linked to either long term or short term performance conditions. The board will continue to monitor this to ensure that it is appropriate for the Company in future years. Consequently, remuneration of executives is determined with reference to the operations of the Company, with emphasis on delivering value to shareholders through the acquisition and development of oil and gas projects. The net loss of the Company for the financial year 30 June 2013 after income tax amounted to $5,528,461 (2012: $4,766,272). The Company has continued to explore its oil and gas ventures and has aligned itself with a number of high quality exploration targets and producing assets to ensure shareholder wealth is maximised in the future years.

The board may exercise discretion in relation to approving incentives such as bonuses or options. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

Directors' Report

A. Principles of compensation continued

Company performance, shareholder wealth and directors' and executives' remuneration

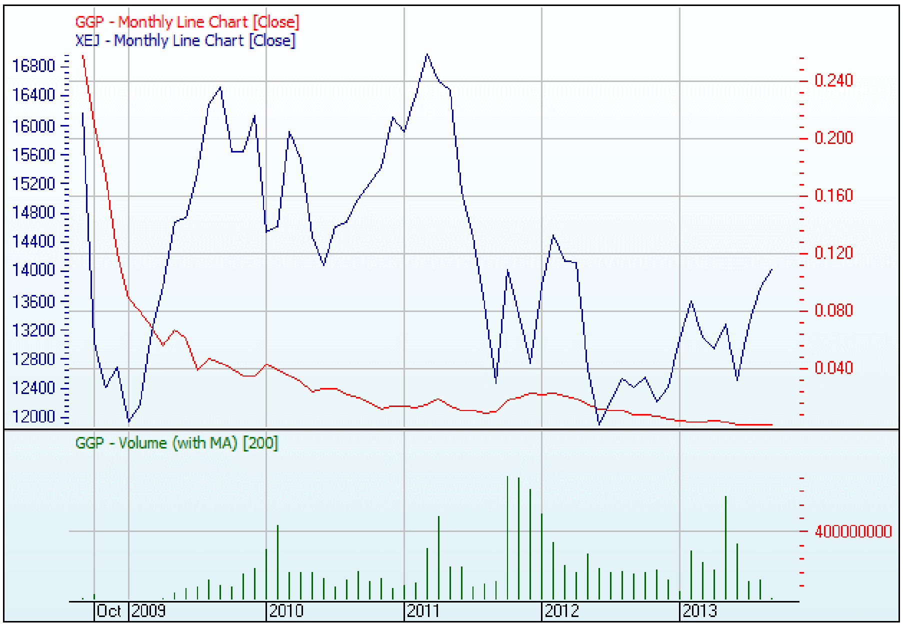
The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of sizeable revenue streams, performance based bonuses subject to key performance indicators are expected to be introduced.

Shareholder returns

The following table shows the last five years' financial performance against shareholder returns as measured by the closing share price at 30 June each year.

	2013	2012	2011	2010	2009
Product sales revenue	3,491,266	3,696,947	2,698,372	5,812,483	8,270,213
Net loss attributable to members of Golden Gate Petroleum Ltd	5,528,461	4,766,272	7,256,120	15,208,084	7,328,493
Basic EPS (cents)	(0.18)	(0.26)	(0.61)	(2.58)	(2.81)

Share price over the last 5 years



The above graph indicates the five year share price of the Company's ordinary shares against the ASX Energy 200 index.

As at 30 June 2013 the closing share price was at 0.1 cent per share. The decline in share price is of concern to the board. In order to keep all investors fully-informed and minimise market fluctuations the board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company.

Directors' Report

B. Service arrangements

Details of key management personnel

(i) Directors

Stephen Graves
Executive Chairman (appointed as a director on 4 February 2008, Executive Chairman on 31 January 2011)

Christopher Porter
Non-Executive Director
(appointed 20 November 2012)

Robert Oliver
Non Executive Director
(appointed 20 November 2012)

Frank Petruzzelli
Non-Executive Director
(appointed 30 June 2003, resigned 30 November 2012)

Frank Brophy
Non–Executive Director
(appointed 1 November 2009, resigned 30 November 2012)

(ii) Other key management personnel

Chris Ritchie
Chief Financial Officer / Company Secretary (appointed CFO 12 July 2010, Company Secretary 1 January 2012)

Details of executives

Remuneration and other terms of employment for the following key management personnel are set out below:

Stephen Graves, Executive Chairman:

> The current consulting arrangement commenced on 4 February 2008 on a monthly basis. No termination benefit and no notice period are specified.

> Monthly salary of US$40,000 was paid or was payable from July 2012 to March 2013, this amount was reduced to US$30,000 per month from April 2013 to June 2013 (2012: US$40,000 per month).

Christopher Porter, Non-Executive Director (Appointed 20 November 2012)

> Non-executive director fees of $36,833 were paid or payable (2012: Nil)

> Mr Porter is subject to re-election as a director in accordance with the Company's Constitution

Robert Oliver, Non-Executive Director (Appointed 20 November 2012)

> Non-executive director fees of $36,833 were paid or payable (2012:Nil)

> Mr Oliver is subject to re-election as a director in accordance with the Company's Constitution

Frank Petruzzelli, Non-Executive Director (Resigned 30 November 2012):

> Non-executive director fees of $25,000 were paid or payable (2012: $60,000).

> Mr. Petruzzelli is a principal of MDB Taxation and Business Advisors Pty Ltd and MDB Corporate Advisors who have provided serviced accommodation, accounting services, staffing and consulting services to the Company during the year. Refer to note 21 (d) for details.

Frank Brophy, Non-Executive Director (Resigned 30 November 2012):

> Non-executive director fees of $18,750 were paid or payable. (2011:$45,000)

Chris Ritchie, Chief Financial Officer & Company Secretary

> Annual remuneration of $201,051 was paid or payable (2012: 179,791)

> Mr. Ritchie and the Company can terminate this arrangement by giving 1 months' notice.

Chris Bowyer, Company Secretary (Resigned 1 January 2012)

> No remuneration was paid this financial year (2012:$30,000)

Retirement benefits

Other retirement benefits may be provided directly by the Company if approved by shareholders.

Directors' Report

C. Details of remuneration

The following table sets out remuneration paid to directors and senior executives of the Consolidated Entity during the reporting period.

	Short-Term Salary & Fees	Short-Term Non Monetary Benefits	Short-Term Cash Bonus	Post Employment Super-annuation	Termin-ation Payments	Share- based payments Options	Total	Options as % of Total
	$	$	$	$	$	$	$	
Key Management Personnel – Directors and Executives								
Stephen Graves, Executive Chairman (i)								
2013	437,597	-	-	-	-	-	437,597	-
2012	463,872	-	-	-	-		463,872	-
Frank Petruzzelli, Non-Executive Director(ii) (Resigned 30 November 2012)								
2013	25,000	-	-	-	-	-	25,000	-
2012	60,000	-	-	-	-	-	60,000	-
Frank Brophy, Non-Executive Director (Resigned 30 November 2012)								
2013	18,750	-	-	-	-	-	18,750	-
2012	45,000	-	-	-	-	-	45,000	-
Christopher Porter, Non-Executive Director (Appointed 20 November 2012)								
2013	33,792	-	-	3,041	-	-	36,833	-
2012	-	-	-	-	-	-	-	-
Robert Oliver, Non-Executive Director (Appointed 20 November 2012)								
2013	36,833	-	-	-	-	-	36,833	-
2012	-	-	-	-	-	-	-	-
Chris Bowyer, Secretary(ii)								
2013	-	-	-	-	-	-	-	-
2012	30,000	-	-	-	-	-	30,000	-
Chris Ritchie, Chief Financial Officer & Company Secretary(ii)								
2013	179,732	5,411	-	15,908	-	-	201,051	-
2012	155,918	5,693	10,000	8,180	-	-	179,791	-
Total 2013	**731,704**	**5,411**	**-**	**18,949**	**-**	**-**	**756,064**	**-**
Total 2012	**754,790**	**5,693**	**10,000**	**8,180**	**-**	**-**	**778,663**	**-**

(i) Tigre International Inc. provided consulting services of Stephen Graves.

(ii) MDB Taxation & Business Advisors Pty Ltd provided the consulting services of Frank Petruzzelli, Chris Bowyer for the comparison periods and Chris Ritchie (from 1 July 2011 to 30 November 2011). Mr Ritchie commenced as a full-time employee of the Company from 1 December 2011.

Directors' Report

C. Details of remuneration continued

There was no performance based remuneration received during the year by directors or management. On 30 November 2011, Mr Ritchie received a performance based cash bonus of $10,000. There have been no salary increases for key management personnel during the year. The increase shown for Mr Ritchie reflects the increase awarded in March 2012 when he assumed the role of Company Secretary in addition to that of Chief Financial Officer. A net saving of $24,000 was achieved through the consolidation of roles.

At the Company's Annual General Meeting held on 9 November 2012, Shareholders recorded a vote of in excess of 25% against the resolution for the adoption of the Remuneration Report for the year ended 30 June 2012. A vote in excess of 25% constitutes a first strike under the Corporations Act 2001 and should this happen at this year's AGM then a vote will be held to determine if there is greater than 50% support for a spill of all board positions (other than the Managing Director).

The board has considered the vote recorded at that meeting and awarded no salary increases to any key management personnel during the financial year. Additionally, effective 1 April 2013, the Executive Chairman's consulting fees were reduced by 25% and effective 1 July 2013 the Chief Financial Officer's salary package was reduced by 20%.

No Options were issued to key management personnel during the year or in the previous year.

D. Share based compensation

No options have been issued to directors or management as part of their remuneration during the year or in the previous year.

No options were granted since the end of the year. No terms of equity settled share based payment transactions have been altered or modified during the year.

No options were exercised by directors or executives for shares in the Company during 2012 or 2013.

There were no alterations to the terms and conditions of options granted as remuneration since grant date.

There were no compensation options exercised by key management personnel during 2012 or 2013.

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End of Remuneration Report (Audited)

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11. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company and Consolidated Entity during the financial period were as follows:

In August 2012 the Company completed the sale of its 54.25% working interest in the Bullseye project. The sale of this project avoided the Company having to pay any of the eventual plug and abandonment costs for the existing wells plus the expense of remediating the surrounding woodlands area back to pre-drilling status.

In November 2012 the Company appointed two additional non-executive directors, Mr Christopher Porter and Mr Robert Oliver. Also in November 2012, Mr Frank Petruzzelli and Mr Frank Brophy resigned as directors.

In December 2012 the Company completed raising $2,580,000 through the issue of 51,600,000 Series 3 secured Convertible Notes to provide funding for the development of the SRH- 5H well.

In January 2013 the Company released the details of a reserves report prepared by MHA Petroleum Consultants LLC. The report attributed proved (P1) and probable (P2) reserves of over 5.0 million barrels of oil equivalent (BOE) from the Spraberry-Dean interval of the Permian project leases where the Company holds the rights to this formation.

In addition the report identified Contingent Resources of 10.8 million BOE from only one of the three identified benches in the Wolfcamp formation. On a 10% discounted net cash flow basis, USD 69.1 million was attributed to the proved (P1) and probable (P2) reserves.

In February 2013 the Company released the details of a further reserves report by MHA Petroleum Consultants, LLC, for the Bowtie West, Cutlass (Eagle Ford) and Acadia projects. The report attributed approximately 1.0 million barrels of oil equivalent (BOE) from the proved (P1) and probable (P2) reserves of the three projects for the Company's relevant working interests. On a 10% discounted net cash flow basis approximately USD 10 million is attributed to the proved (P1) and probable (P2) reserves.

In March 2013 the Company announced that it had elected to sell its 10% working interest in the Cutlass Project (Eagle Ford). The Company received $1,664,950 and incurred a net loss on the sale of $333,321.

In March 2013 the Company completed a 1:4 partially underwritten entitlement offer to existing shareholders. The entitlement issue raised $3,231,210 through the issue of 646,242,000 fully paid ordinary shares and 646,242,000 free attaching options with an exercise price of $0.02 and an expiry date of 31 December 2014.

12. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 3 July 2013 the Hensarling #1 well commenced production at the Desiree field of the Napoleonville prospect.

On 23 July 2013 the Company advised that the Series 1 Convertible Notes maturity date had been extended by mutual agreement to 30 June 2014.

On 24 July the Company announced that a commercial settlement had been reached between the landowners affected by the Dugas & Le Blanc #1 well blowout and the JV partners. In addition, a commercial settlement between the JV partners and the workover operator of the rig had been reached.

Directors' Report

The settlements were achieved without additional cash outlay by the Company.

On 24 July 2013 the Company announced that a trial date during the month of June, 2014 had been set to hear the dispute between the Company and Mr Paul Page and Petro Raider, LLC in regard to the Permian leases. The Company expects that a final ruling could take between one and two years to be finalised. Further, on 14 August 2013, the Company announced its intention to seek a ruling from the Texas Court on the Company's motion to dismiss some of the ancillary claims from the original filings by Petro-Raider LLC. A decision by the Court either in the Company's favour or against it would remove a primary impediment to the development of the project. On 30 August 2013 the Company announced that a court hearing had been scheduled for 8 November 2013 to address the Company's motion to dismiss

On 25 July 2013 the Company advised that at a General Meeting of shareholders held in Sydney that eight resolutions concerning the ratification of a prior issue of a convertible security, fully paid ordinary shares and options were all passed on a show of hands.

13. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 26 and forms part of the directors' report for financial year ended 30 June 2013.

14. NON-AUDIT SERVICES

No non-audit services were provided by the auditors of the Company during the year, or the previous year. For the purposes of income tax, Golden Gate Petroleum Ltd and its 100% owned subsidiaries do not intend to form a tax consolidated group.

15. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company and Consolidated Entity will continue with the development of its interest in the Permian Project, Napoleonville, and Bowtie West projects and continue to evaluate whether to participate in the Acadia and Goliad projects. Further information about likely developments in the operations of the Company and Consolidated Entity and the expected results of those operations in the future financial years has not been included in this report because disclosure would be likely to result in unreasonable prejudice to the Company and Consolidated Entity.

16. ENVIRONMENTAL REGULATIONS & PERFORMANCE

The Consolidated Entity is a party to various exploration and development licences or permits in the country in which it operates. In most cases, these contracts and licences specify the environmental regulations applicable to oil and gas operations in the respective jurisdictions. The Consolidated Entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no significant known breaches of the environmental obligations of the Consolidated Entity's licences.

17. RISK MANAGEMENT

The Company takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Consolidated Entity's objectives and activities are aligned with the risks and opportunities identified by the board.

18. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of sound corporate governance. The board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. Due to the size of the board currently there is no separate audit committee. These matters are considered by the full board.

19. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.
No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Report

20. INDEMNIFICATION AND INSURANCE OF OFFICERS

An indemnity agreement has been entered into with each of the directors and company secretary of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. There is no monetary limit to the extent of this indemnity. The Company has paid insurance premiums of $34,187 (2012: $30,053) in respect of directors' and officers' liability and legal expenses insurance contracts, for current directors and officers of the Company.

The insurance premiums relate to:

> Costs and expenses incurred in by the relevant officers in defending legal proceedings, whether civil or criminal and whatever the outcome; and

> Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

This report is made in accordance with a resolution of the directors.

Stephen Graves
Executive Chairman
Golden Gate Petroleum Limited

Melbourne, 30 September 2013

FORWARD LOOKING STATEMENTS & COMPETENT PERSONS STATEMENT

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Any references to dollars, cents or $ in this report are to Australian dollar currency, unless otherwise stated.

Information in this report that relates to the Permian Project Hydrocarbon Reserves and or Resources has been compiled by the staff of MHA Petroleum Consultants LLC, including Timothy L. Hower, BS (Petroleum Engineering), MS (Petroleum Engineering), CEO of MHA Petroleum Consultants LLC and Juliana Sipeki BS(Metallurgy and Materials). Mr Hower and Ms Sipeki are not employees of the Consolidated Entity.

Technical information in this Annual Report, has been reviewed and signed off by Mr George Placke, Petroleum Engineer, with over 30 years' experience within the oil and gas sector and an extensive background in oil and gas operations in Texas and Louisiana, USA

DIRECTOR'S DECLARATION

In accordance with a resolution of the directors of Golden Gate Petroleum Ltd, I state that:

In the opinion of the directors:

1. The financial statements, comprising the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes of the Consolidated Entity, are in accordance with the Corporations Act 2001; and
   (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Consolidated Entity; and
   (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, after taking into account the matters raised in Note 1(c).
3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

Stephen Graves
Executive Chairman

30 September 2013
Melbourne, Australia

AUDITOR'S INDEPENDENCE DECLARATION

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

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Auditor's Independence Declaration
To the Directors of Golden Gate Petroleum Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Golden Gate Petroleum Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Nicholas E. Burne
Partner - Audit & Assurance

Melbourne, 30 September 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

		Consolidated	
	Notes	2013 $	2012 $
Continuing operations			
Revenue from sales	2(a)	3,491,266	3,696,947
Cost of sales	2(b)	(3,816,538)	(3,088,176)
Gross profit / (loss)		**(325,272)**	**608,771**
Interest revenue		2,908	28,204
Gain / (loss) on sale of assets		(783,381)	176,614
Other income		-	7,627
Impairment of debtors	4	(50,000)	-
Impairment of oil & gas properties	10(b)	(700,392)	(822,937)
Impairment of exploration and evaluation expenditure	9(b)	(485,100)	(2,449,847)
Administration costs	2(c)	(2,719,695)	(2,103,253)
Foreign exchange loss		-	(364)
Future value gain / (loss) on derivatives	2(d)	(156,695)	-
Finance costs	2(d)	(310,834)	(211,087))
Loss before income tax		**(5,528,461)**	**(4,766,272)**
Income tax (expense) / benefit	3	-	-
Net loss for the period		**(5,528,461)**	**(4,766,272)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation gain / (loss)		2,180,800	765,500
Other comprehensive gain / (loss) for the period net of tax		2,180,800	765,500
Total comprehensive loss for the period		**(3,347,661)**	**(4,000,772)**

Loss per share

Basic loss per share (cents per share)	14	(0.18)	(0.26)
Diluted loss per share (cents per share)	14	(0.18)	(0.26)

The above statement should be read in conjunction with the accompanying notes to these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		Consolidated	
	Notes	2013 $	2012 $
Current assets			
Cash and cash equivalents	16(b)	671,811	3,035,204
Trade and other receivables	4	1,537,746	1,427,568
Assets held for sale	5	-	1,057,888
Prepayments	6	161,656	588,431
Total current assets		**2,371,213**	**6,109,091**
Non-current assets			
Trade and other receivables	4	253,500	272,015
Plant and equipment	8	25,749	32,100
Exploration and evaluation assets	9	22,000,001	18,569,170
Oil and gas properties	10	5,102,120	631,905
Total non-current assets		**27,381,370**	**19,505,190**
Total assets		**29,752,583**	**25,614,281**
Current liabilities			
Trade and other payables	11(a)	5,050,262	3,468,751
Interest bearing loans & borrowings	11(b)	506,000	2,945,000
Cash call	11(a)	37,607	65,173
Liabilities directly related to assets held for sale	5	-	295,489
Provisions	12	266,895	112,737
Total current liabilities		**5,860,764**	**6,887,150**
Non-current liabilities			
Interest bearing loans and borrowings	11(b)	980,000	-
Loans and borrowings	11(b)	27,351	-
Derivative liability	11(c)	444,837	-
Provisions	12	15,298	148,647
Total non-current liabilities		**1,467,486**	**148,647**
Total liabilities		**7,328,250**	**7,035,797**
Net assets		**22,424,333**	**18,578,484**
Equity			
Contributed equity	13	111,809,740	104,616,230
Reserves	15	474,689	(1,706,111)
Accumulated losses		(89,860,096)	(84,331,635)
Total equity		**22,424,333**	**18,578,484**

The above statement should be read in conjunction with the accompanying notes to these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

		Consolidated	
		2013	2012
	Notes	$	$
Cash flows from operating activities			
Receipts from customers		3,603,956	3,317,746
Receipts from JV partners		710,776	991,559
Payments to suppliers and employees		(6,752,054)	(5,379,523)
Interest received		2,908	26,887
Interest paid		(255,432)	(154,801)
Net cash flows from/(used in) operating activities	**16(a)**	**(2,689,846)**	**(1,198,132)**
Cash flows from investing activities			
Proceeds from sale of investments		-	26,143
Payments for exploration and evaluation expenditure		(7,892,749)	(11,167,596)
Payments for oil & gas properties		(37,508)	(196,317)
Payments for prospects		-	(489,614)
Proceeds from sale of prospects		2,427,349	117,751
Net cash flows used in investing activities		**(5,502,908)**	**(11,709,633)**
Cash flows from financing activities			
Proceeds from the issue of shares		3,306,210	12,292,378
Share issue costs		(717,026)	(1,451,139)
Proceeds from convertible notes		3,080,000	2,670,000
Net cash from financing activities		**5,669,184**	**13,511,239**
Net increase/(decrease) in cash and cash equivalents		(2,523,570)	603,474
Cash and cash equivalents at 1 July		3,035,204	2,387,656
Effect of exchange rate changes on cash and cash equivalents		160,177	44,074
Cash and cash equivalents at 30 June	**16(b)**	**671,811**	**3,035,204**

The above statement should be read in conjunction with the accompanying notes to these financial statements.

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2013

Consolidated Entity	Issued capital	Accumulated losses	Option premium reserve	Foreign currency translation reserve	Convertible notes reserve	Total equity
	$	$	$	$	$	$
At 1 July 2012	**104,616,230**	**(84,331,635)**	**4,029,740**	**(7,105,044)**	**1,369,193**	**18,578,484**
Loss for the period	-	(5,528,461)	-	-	-	(5,528,461)
Other comprehensive loss	-	-	-	2,180,800	-	2,180,800
Total comprehensive loss for the period	-	(5,528,461)	-	2,180,800	-	(3,347,661)
Issue of share capital (net of issue costs)	7,193,510	-	-	-	-	7,193,510
Balance at 30 June 2013	**111,809,740**	**(89,860,096)**	**4,029,740**	**(4,924,244)**	**1,369,193**	**22,424,333**
At 1 July 2011	**92,539,992**	**(79,565,363)**	**4,029,740**	**(7,870,544)**	**1,369,193**	**10,503,018**
Loss for the period	**-**	**(4,766,272)**	**-**	**-**	**-**	**(4,766,272)**
Other comprehensive loss	**-**	**-**	**-**	**765,500**	**-**	**765,500**
Total comprehensive loss for the period	-	(4,766,272)	-	765,500	-	(4,000,772)
Issue of share capital (net of issue costs)	12,076,238	-	-	-	-	12,076,238
Balance at 30 June 2012	**104,616,230**	**(84,331,635)**	**4,029,740**	**(7,105,044)**	**1,369,193**	**18,578,484**

The above statement should be read in conjunction with the accompanying notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Golden Gate Petroleum Ltd and its subsidiaries ("the Consolidated Entity") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 30 September 2013. Golden Gate Petroleum Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the registered office and principal place of business is 566 Elizabeth Street, Melbourne, Victoria, 3000. The principal activity of Golden Gate Petroleum Ltd is the exploration and production of oil and gas, with current activities based in Texas and Louisiana in the United States of America.

(a) Significant accounting policies

New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods, and have not yet been adopted by the Consolidated Entity. The Consolidated Entity's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

> AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

+ The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
+ The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

+ Classification and measurement of financial liabilities; and
+ Derecognition requirements for financial assets and liabilities.

The Company has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2015 and that the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).

> AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities.

The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This may to lead to more entities being consolidated into the group.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the Company's financial statements.

> AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.

In addition, AASB 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements.

> AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities

> As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued.

AASB 127 now only deals with separate financial statements. AASB 128 incorporates the requirements in Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, and guidance relating to the equity method for associates and joint ventures.

When these revised standards are adopted for the first time for the financial year ending 30 June 2014, there will be no impact on the financial statements because they introduce no new requirements.

> AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The Company is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013.

> AASB 1053 establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

a) Tier 1: Australian Accounting Standards; and

b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

a) for-profit entities in the private sector that have public accountability; and

b) the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

a) for-profit private sector entities that do not have public accountability;

b) all not-for-profit private sector entities; and

c) public sector entities other than the Australian Government and State, Territory and Local Governments.

The Company is a Tier 1 entity and therefore not eligible to apply the Reduced Disclosure Requirements.

> AASB 2011-4 amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

> In March 2013, the Australian government released Corporations Legislation Amendment Regulation 2013 which proposed to insert these disclosures into Corporations Regulations 2001 to ensure the disclosure requirements continue to be operative for financial years commencing on or after 1 July 2013.

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Company.

> AASB 2012-2 amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

When AASB 2012-2 is first adopted for the year ended 30 June 2014, additional disclosures will be required with respect to the Company's netting arrangements.

> AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Company as this standard merely clarifies existing requirements in AASB 132.

> AASB 2012-6 amends the mandatory effective date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. It also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition from AASB 139 to AASB 9 in some circumstances.

The Company will be able to provide transition disclosures, instead of restating comparatives, upon initial application of AASB 9.

> AASB 2012-6 amends the mandatory effective date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. It also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition from AASB 139 to AASB 9 in some circumstances.

The Company will be able to provide transition disclosures, instead of restating comparatives, upon initial application of AASB 9.

> AASB 2012-9 amends AASB 1048 Interpretation of Standards as a consequence of the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.

When AASB 2012-9 is first adopted for the year ended 30 June 2014, there will be no impact on the Company as this standard will not affect current practice.

> AASB 2012-10 clarifies the transition guidance in AASB 10 Consolidated Financial Statements.

It also provides additional transition relief in AASB 10, AASB 11 Joint Arrangements and AASB 12 Disclosure of Interests in Other Entities by limiting the requirement to provide adjusted comparative information only to the immediately preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, AASB 2012-10 removes the requirement to present comparative information for any periods beginning before the first annual reporting period for which AASB 12 is applied.

When these amendments are first adopted for the year ended 30 June 2014, they are unlikely to have any significant impact on the Company given that they are largely clarification of existing transitional provisions.

(b) Statement of compliance

The financial report is a general purpose financial report which has been prepared for a profit entity in accordance with Australian Accounting Standards (AASB) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

(c) Going concern

The Company's financial statements have been prepared and presented on a basis assuming it continues as a going concern.

The Company incurred a net loss for the year of $5,528,461 (2012: $4,766,272). At 30 June 2013, the Company had cash at bank totalling $671,811 and a working capital deficiency of $3,489,551 (2012: $778,059). The going concern basis of accounting contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

The current market conditions have resulted in a significant reduction in the Company's ability to access capital. The directors believe that the Company's overhead reduction program, continued oil and gas production and the ability to raise new equity capital, enter into debt facilities or asset sales will enable the Company to continue as a going concern. The Company also has arrangements with creditors to extend payment terms of invoices associated with the SRH #5H well.

Should the Company not be able to raise additional capital, enter into debt facilities or complete asset sales then the directors are confident that the Company could suspend its development program until such time as the working capital deficiency was eliminated from the cash flow from production.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

The Company's ability to continue as a going concern is dependent upon obtaining necessary funds and successfully negotiating payment of existing commitments to meet its current obligations. While the Company is expending its best efforts, the raising of the necessary funds is not assured. This financial report does not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden Gate Petroleum Ltd and its subsidiaries during the year ended 30 June 2013 ("the Consolidated Entity").

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Investments in subsidiaries held by Golden Gate Petroleum Ltd are accounted for at cost less impairment charges in the parent entity information in Note 27. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment.

Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it

+ Derecognises the assets (including goodwill) and liabilities of the subsidiary;
+ Derecognises the carrying amount of any non-controlling interest;
+ Derecognises the cumulative translation differences, recorded in equity;
+ Recognises the fair value of the consideration received;
+ Recognises the fair value of any investment retained;
+ Recognises any surplus or deficit in profit or loss; and
+ Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

(e) Plant and equipment

Oil and gas properties

Oil and gas properties include construction, installation or completion of infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation costs, and the cost of development wells. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other costs are charged to profit and loss during the financial period in which they are incurred.

Depreciation

Oil and gas properties and plant and equipment, other than freehold land, are depreciated to their residual values at rates based on the expected useful lives of the assets concerned on a unit of production basis. The major categories of assets are depreciated as follows:

+ Oil and gas properties are depreciated over the useful lives of the asset on a unit of production basis once a reserve has been established.
+ Office equipment is depreciated based on the straight line method at rates of between 25% and 40%.

Currently there are no buildings owned by the Consolidated Entity.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down

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For the year ended 30 June 2013

to its recoverable amount. For plant and equipment, impairment losses are recognised in profit or loss.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(f) Mineral exploration and development costs

Expenditure on exploration and evaluation is accounted for in accordance with the "area of interest" method. Exploration licence acquisition costs are capitalised and subject to annual impairment testing or more frequent if there is an indication of impairment. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs, are capitalised provided the rights to tenure of the area of interest is current and either:

+ The expenditure relates to an exploration discovery that, at balance date, has not reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant activities in relation to the area of interest are continuing; or
+ It is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are capitalised.

Each potential or recognised area of interest is reviewed half yearly to determine whether economic quantities of resources have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever the facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

(g) Impairment of non-financial assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If any such indication of impairment exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes a formal estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of recoverable amount, but only if there has been a change in the estimates used to determine the assets recoverable amount and only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit).

(h) Provision for restoration

The Consolidated Entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas. Typically, the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related oil and gas properties. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in oil and gas properties is depreciated over the useful life of the related asset (refer Note 1(e)). Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when there is objective evidence that the Consolidated Entity will not be able to collect the full debt. Bad debts are written off when identified. Objective evidence is defined as when the debt is more than 120 days old. This is a base case scenario, other prevailing circumstances like payment history and payment arrangements may override the 120 day rule.

(j) Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, including bank overdrafts.

(k) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Consolidated Entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Employee entitlements

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Wages, salaries, bonus payments, annual leave and sick leave

Liabilities for wages and salaries, bonus payments, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date. They are measured at the amounts due to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Consolidated Entity will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an integral part of the lease expense.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales revenue

Sales revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of "delivery of goods to the customer". Delivery of product is under well specific contracts that define transfer point of ownership.

The nominated transfer point has appropriate meter equipment installed. Product pricing is dependent upon product quality and delivery volumes rates, and base price marked to an appropriate commodity market benchmark.

Interest

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences; except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised; except:

+ When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
+ When the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, in which case the deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

taxation authority.

(r) Borrowing costs

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Assets are considered to be qualifying assets when this period of time is substantial (greater than 12 months). The interest rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Consolidated Entity's outstanding borrowings during the year.

(s) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

(t) Earnings per share ("EPS")

Basic EPS is calculated as net profit or loss attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as the net profit or loss attributed to members of the parent, adjusted for:

+ costs of servicing equity (other than dividends);
+ the after-tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
+ other non-discretionary changes in revenue and expenses during the period that would result from the dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares; adjusted for any bonus element.

(u) Foreign currency translation

Both the functional and presentation currency of Golden Gate Petroleum Ltd and its Australian subsidiaries are Australian Dollars ($). Functional currency for foreign operations has been determined based on the requirements of AASB 121 "The Effects of Changes in Foreign Exchange Rates". Each entity in the Consolidated Entity uses its specific functional currency to measure the items included in the financial statements of that entity.

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange ruling at the date of the transaction or the average for the period when translating a large number of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance date. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rate as at the date when fair value was determined.

The functional currency of all the overseas subsidiaries is United States Dollars (US$). As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Golden Gate Petroleum Ltd at the rate of exchange ruling at the balance date and their Statement of Profit or Loss and Other Comprehensive Income items are translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to the foreign currency reserve. On disposal of a foreign entity, the exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(v) Share-based payment transactions

The Consolidated Entity provides benefits to directors and employees of the Consolidated Entity in the form of equity, whereby directors and employees render services in exchange for options to acquire shares or rights over shares.

The fair value of options granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The fair value of the options granted is measured using an appropriate model, taking into account the terms and conditions upon which the options were granted. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than (if applicable):

+ Non-vesting conditions that do not determine whether the group or Company receives the services that entitle the employees to receive payment in equity or cash; and
+ Conditions that are linked to the price of the shares of Golden Gate Petroleum Limited (market conditions).

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due to market conditions not being met.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the grant date fair value of the award, (ii) the extent to which the vesting period has expired and (iii) for non-market based hurdles the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for changes in the likelihood of market performance conditions being met as the effect of these conditions is included in the

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

determination of the fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 14).

(w) Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the Statement of Financial Position, net of transaction costs. On issuance of the convertible notes, the fair value of the liability component is determined using an estimated market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. Interest on the liability component of the instruments is recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income. The increase in the liability due to the passage of time is recognised as a finance cost if material.

(x) Joint controlled assets

The Consolidated Entity has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled asset involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Consolidated Entity recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Consolidated Entity also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled asset.

(y) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

> Nature of the products and services,
> Nature of the production processes,
> Type or class of customer for the products and services,
> lMethods used to distribute the products or provide the services, and if applicable
> Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(z) Comparative figures

Where necessary, prior year comparatives have been adjusted to be consistent with the classification applied in the current year.

(i) Critical accounting estimates, assumptions and judgements

Estimates and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Consolidated Entity continually employs judgement in the application of its accounting policies.

(ii) Critical accounting estimates and assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable resources. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity settled transactions include options and performance rights. The fair value of an option is determined by using an appropriate option-pricing model using the assumptions detailed in note 22.

(iii) Critical judgements in applying the consolidated entity's accounting policies

Exploration and evaluation

The Consolidated Entity's accounting policy for exploration and evaluation is set out at Note 1(f). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been or will be found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, it is determined that the Consolidated Entity is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

Restoration provision

The Consolidated Entity's accounting policy for restoration provisions is set out at Note 1 (h). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular the forecast costs of the restoration and remediation of prospects to their pre-drilling state. Any such estimates and assumptions may change as new information becomes available. Any change in the estimated level of restoration provision will be written off or written back to the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

2 REVENUE, EXPENSES AND LOSSES/GAINS

	Consolidated	
	2013	2012
	$	$
(a) Revenue		
Sales revenue	3,491,266	3,696,947
(b) Cost of sales		
Operating costs	2,181,692	1,880,365
Depletion (1)	720,510	266,082
Royalties	914,336	941,729
	3,816,538	**3,088,176**
(c) Administration costs		
Employee/consulting fees	1,452,075	1,177,900
Defined contribution superannuation	18,914	8,180
Employee benefit / consulting fees expense	**1,470,989**	**1,186,080**
Compliance costs	850,255	481,685
Insurance	35,353	32,527
Depreciation	9,746	15,265
Other	353,352	387,696
	2,719,695	**2,103,253**
(d) Finance expense		
Fair value loss on derivatives	156,695	-
Finance costs of convertible security	12,993	-
Interest expense	297,841	211,087
	467,529	**211,087**

(1) Depletion expense is significantly higher than the previous year due to the initial revenue from the Permian project, being still and Exploration and Evaluation asset having no depletion expense charged against it in the previous year and that the Jumonville #1 and Jumonville #2 wells (Bullseye project) continued to produce after they had been depleted for accounting purposes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

3 INCOME TAX

The major components of income tax expenses are:

	Consolidated	
	2013	**2012**
	$	**$**
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	(4,051,235)	(4,200,962)
Adjustments in respect of current income tax of previous years		
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
DTA not brought to account	4,051,235	4,200,962
Income tax expense / (benefit) reported in the Statement of Comprehensive Income	-	-
Statement of Changes in Equity		
Deferred income tax		
Convertible note	-	-
Deferred income tax recognised directly in equity	**-**	**-**

The aggregate amount of income tax attributed to the financial period differs from the amount calculated on the operating loss. The differences are recorded as follows:

Accounting profit / (loss)	(5,528,461)	(4,766,272)
Prima facie tax receivable at 30% (2012:30%)	(1,658,538)	(1,429,882)
Add tax effect of:		
DTA not brought to account	1,658,538	1,429,882
Income tax expense / (benefit) on loss	**-**	**-**

Deferred income tax

Deferred income tax at 30 June relates to the following:

	Consolidated	
	2013	**2012**
	$	**$**
Deferred tax liabilities		
Deferred tax liabilities movement in the profit and loss:		
Exploration expenses	-	-
Deferred tax liabilities movement in equity:		
Convertible note	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

3 Income tax continued

	Consolidated	
	2013	**2012**
	$	**$**
Deferred tax assets		
Deferred tax assets movement		
Exploration expenses:		
Provisions	(4,809)	68,162
Losses - Aust	755,591	467,421
Losses - US	3,295,644	3,733,541
Non-recognition of deferred taxes	(4,046,427)	(4,269,124)
	-	-

Tax losses

At 30 June 2013, Golden Gate Petroleum Ltd consolidated group has $33,242,513 (including US tax losses) (2012: $29,191,278 of tax losses that may be available for offset against future taxable profits of the company. No deferred tax assets have been recognised on the Statement of Financial Position in respect of the amount of these losses.

	Consolidated	
	2013	**2012**
	$	**$**
Deferred tax assets		
Tax losses – Australian	3,540,490	2,784,899
Tax losses – US	29,702,023	26,406,379
	33,242,513	**29,191,278**

Golden Gate Petroleum Ltd and its 100% owned Australian subsidiaries have not formed a tax consolidated group for the year ended 30 June 2013.

The potential deferred tax asset will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company and/or the Consolidated Entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
- conditions for the deductibility imposed by the laws are complied with; and
- no changes in tax legislation adversely affect the realization of the benefit from the deductions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

4 TRADE & OTHER RECEIVABLES

	Consolidated	
	2013	**2012**
	$	**$**
Current		
Trade debtors [1]	741,359	744,653
	741,359	744,653
Other receivables [3]	846,387	682,915
Allowance for impairment loss[2]	(50,000)	-
	1,537,746	**1,427,568**

	Consolidated	
	2013	**2012**
	$	**$**
Non-current		
Security deposits [4]	253,500	272,015
	253,500	**272,015**

Terms and conditions relating to the above financial instruments;

1 Trade debtors are non-interest bearing and generally on 60 day terms.

2 An allowance for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $50,000 (2012:Nil) has been recognised by the group in the current year. This amount has been included in administration overheads in the current year. The amount relates to one individual debtor.

3 Other receivables are non-interest bearing and have repayment terms of between 30 and 90 days.

4 Security deposits are interest bearing and provide security towards performance bonds provided by the Consolidated Entity's banks to state governmental agencies against environmental obligations. The security deposits represent the net of farm in partners share.

At 30 June, the ageing analysis of current trade receivables is as follows:

		Total	0 to 30 Days	31 to 60 Days	61 to 90 Days	>90 Days CI*	>90 Days PDNI**
		$	$	$	$	$	$
2013	Consolidated	741,359	380,085	148,346	57,346	-	155,582
2012	Consolidated	744,653	344,657	194,786	14,074	-	191,136

* Considered impaired ('CI')

** Past due not impaired ('PDNI')

Receivables past due but not impaired are $155,582 (2012: $191,136).

Management has reviewed the outstanding amounts considered PDNI and are satisfied that the debts are collectable or will be netted off against future payments to the debtor from current contract entitlements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

5 ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2013 $	2012 $
Non-current assets held for sale		
Oil and gas properties	-	512,819
Exploration and evaluation assets	-	545,069
		1,057,888
Provisions held for assets held for sale	-	(295,489)
Carrying value at end of year	-	762,399

Assets classified as held for sale as at 30 June 2012 refers to the Bullseye prospect and the Jumonville #1, Jumonville #2, Acosta #1 wells and associated storage infrastructure. The assets were valued at fair value less cost of sale and revenue recorded in June 2012. The sale was completed in August 2012 however had an economic effect from 1 June 2012. During the year ended 30 June 2012 impairment charges of $1,208,454 were recorded against those assets. The sale removed any future liability for the Company in regard to plug and abandonment costs and remediation works.

6 PREPAYMENTS

	Consolidated	
	2013 $	2012 $
Prepayments	161,656	588,431

The majority of the prepayment balance is in relation to prepaid legal expenses. The balance as at 30 June 2012 was primarily related to prepaid oil and drilling costs associated with the Eagle Ford project.

7 INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Percentage of Equity Interest held by the consolidated entity	
Investments in subsidiaries		2013 %	2012 %
Southdale Holdings Pty Ltd	Australia	100	100
Bablah Pty Ltd	Australia	100	100
Golden Gate Resources Ltd	Canada	100	100
Cathie Energy Texas, LLC	USA	100	100
Kindee Oil & Gas Louisiana, LLC	USA	100	100
Kindee Oil & Gas Texas, LLC	USA	100	100
Long Flat Ltd	USA	100	100
Birdwood Louisiana, LLC	USA	100	100
Yarras Texas, LLC	USA	100	100

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

8 PLANT & EQUIPMENT

	Consolidated	
	2013	2012
	$	$
Office equipment at cost	112,371	108,976
Accumulated depreciation	(86,622)	(76,876)
Total office equipment	**25,749**	**32,100**

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the financial year:

	Consolidated	
	2013	2012
	$	$
Office equipment at cost		
Balance at start of year	32,100	26,986
Additions	576	19,015
Movement in carrying value as a result of foreign currency valuations	2,819	1,364
Depreciation	(9,746)	(15,265)
Balance at end of year	**25,749**	**32,100**

9 EXPLORATION AND EVALUATION ASSETS

a) Expenditure carried forward in respect of hydrocarbon areas of interest

	Consolidated	
	2013	2012
	$	$
Exploration and evaluation - at cost	22,000,001	18,569,170

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective hydrocarbon interests.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

9 Exploration and evaluation assets continued

b) Reconciliation:

	Consolidated	
	2013	**2012**
	$	**$**
Carrying amount at beginning of period	18,569,170	8,894,073
Movement in carrying value as a result of foreign currency variations	1,988,760	599,103
Additions	9,213,570	12,708,867
Sales	(1,922,630)	(12,815)
Transfer to oil & gas properties	(5,289,064)	(625,142)
Transfer to assets held for sale	-	(545,069)
Amortisation	(74,705)	-
Impairment expense*	(485,100)	(2,449,847)
Carrying amount at end of period	**22,000,001**	**18,569,170**

*Allowance for impairment expense in 2013 write off incurred with respect to the drilling and prospect costs of some minor Permian prospects and the North Edna prospect. Allowance for impairment expense in 2012 was write- offs incurred with respect to TGR Lands #1, Huth #1 and the Magnet Withers and Padre Island Seismic projects. The write-offs were as a result of lack of exploration success and the directors' ongoing analysis of the economic viability of projects.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

10 OIL AND GAS PROPERTIES

a) Oil and gas properties carried forward

	Consolidated	
	2013	2012
	$	$
Oil and gas production properties	**5,102,120**	**631,905**

b) Reconciliation:

	Consolidated	
	2013	2012
	$	$
Carrying amount at beginning of period	631,905	1,343,406
Transferred from exploration	5,289,064	625,142
Movement in carrying value as a result of foreign currency variations	489,840	68,878
Additions	37,508	196,317
Transfer to assets held for sale	-	(512,819)
Impairment expense	(700,392)	(822,937)
Amortisation	(645,805)	(266,082)
Carrying amount at end of period	**5,102,120**	**631,905**

The recoverable amount of the development assets were based on their value in use. The carrying amounts of the development assets were determined to be higher than their recoverable amounts and an impairment cost of $700,392 (2012: $822,937) was recognised.

Value in use was determined by modelling management's estimate of the future discounted cash flows that could be generated from on-going development and use of the assets. The values calculated from the model were used as a guide to assist the management in determining the recoverable value of development assets. The model was based on the following key assumptions:

+ a discount rate of 10.0%
+ no increase in oil or gas prices from existing prices

The above assumptions have been applied by management based on an assessment of historical operating performance to date, and best estimates of forecast future production.

Amounts transferred to assets held for sale were valued on fair value less cost of sale basis, which resulted in the development asset being impaired.

Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the development assets, reasonable possible changes in key assumptions could cause the carrying value of the assets to exceed its recoverable amount.
At 30 June 2013, the actual recoverable amount of the assets agrees to its carrying value. Should future production at the Permian, Napoleonville and Bowtie West projects not meet forecasts, the recoverable value of the assets may be reduced to less than its carrying value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

11 FINANCIAL LIABILITIES

a) Trade creditors

	Consolidated	
	2013 $	**2012 $**
Current		
Trade creditors [1]	3,959,549	3,004,471
Other creditors [2]	1,090,713	464,280
	5,050,262	**3,468,751**
Cash call [3]	37,607	65,173
	5,087,869	**3,533,924**
Aggregate amount payable to related parties included in the above:		
Directors and director related entities:		
- director related entity [4]	59,556	132,852

Terms and conditions

1) Trade creditors are non-interest bearing and generally on 30 - 60 day terms.
2) Other creditors are non-interest bearing and have no fixed repayment terms.
3) Payments received in advance from JV partners are non-interest bearing.
4) Amounts relate to consulting fees and travel expenses owing at year end and are payable within 30 days. Refer to Note 21 for details of other key management personnel transactions.

b) Interest bearing loans and borrowings

	Consolidated	
	2013 $	**2012 $**
Current		
Convertible Notes – Series 1	300,000	910,000
Convertible Notes – Series 2	206,000	2,035,000
	506,000	**2,945,000**
Non-current		
Convertible Notes – Series 3	980,000	-
Convertible security	27,351	-
	1,007,351	**-**

Terms and conditions of convertible notes and security

Series 1 & 2 Notes

(1) The coupon rate is 11% per annum, payable quarterly in arrears;
(2) The principal of Series 1 is repayable on 30 June 2014, the principal of Series 2 is repayable on 31 December 2013;
(3) The notes convert at maturity on a 1:1 basis, but may be converted prior to maturity at the lower of: $0.05 per Share; or 85% of the previous 10 day volume weighted average price of the Company's shares on ASX calculated from the date that the Company receives the conversion notice; and
(4) The Company may redeem the notes at any time on giving 30 days' notice to the note holders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

11 Financial liabilities continued

Series 3 Notes

(1) The coupon rate is 10% per annum, payable quarterly in arrears;

(2) The principal of Series 3 is repayable on 30 September 2014;
The notes convert at maturity on a 1:1 basis, but may be converted prior to maturity at the lower of: $0.05 per Share; or 90% of the previous 5 day volume weighted average price of the Company's shares on ASX calculated from the date that the Company receives the conversion notice; and

(3) The Company may redeem the notes at any time on giving 30 days' notice to the note holders.

(4) The Series 3 notes are secured against the production from the SRH #3 well until the SRH #5H has finished its testing program when the notes will then be secured against the production from the SRH #5H well.

(5) The holders of the Series 3 notes were entitled to a 5% net profits payment from the SRH 5H well for a period of 5 years, irrespective of whether they still hold the notes or they have converted the notes into ordinary shares.

Convertible Security

(1) There is no interest payable on this security, however the Company received an amount of $500,000 but the face value of the convertible security is $550,000;

(2) The maturity date of the security is 19 March 2015.

(3) The conversion price, either at maturity or at any time after 120 days from the execution of the securities purchase agreement and prior to maturity will be the lesser of $0.006 or 90% of the average of three daily VWAPs chosen by the investor, during the 20 trading days before the conversion date.

c) Derivative liability

	Consolidated	
	2013	**2012**
	$	**$**
Non - current		
Derivative liability – convertible security	444,837	-
	444,837	**-**

The derivative liability represents the value of the convertible security issued on 19 March 2013. The convertible security is convertible at any time through to 19 March 2015. The embedded derivative arose due to the variability of the conversion price in the Share Purchase and Convertible Security Agreement with The Australian Special Opportunities Fund, LP. Under accounting standards the liability will be equired to be re-valued at each reporting date. The Company obtained an independent valuation of the value of the liability as at 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

12 PROVISIONS

	Consolidated	
	2013 $	2012 $
Current		
Employee benefits	13,645	8,865
Restoration costs	253,250	103,872
	266,895	**112,737**
Non-Current		
Restoration costs	15,298	148,647
	15,298	**148,647**
Restoration		
Carrying amount at beginning of period	252,519	624,269
Additional provisions	17,251	-
Accretion in provisions	55,750	21,205
Provision reversed in the period	(79,344)	(131,096)
Transfer to provisions held for assets for sale	-	(295,489)
FX movement on provision	22,372	33,630
Carrying amount at end of period	**268,548**	**252,519**

A provision for restoration is recognised in relation to the exploration and production activities for costs associated with the restoration of the various sites. Estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant federal and state legislation in relation to restoration in the future.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

13 CONTRIBUTED EQUITY

(a) Issued and paid up share capital

	Consolidated	
	2013 $	2012 $
Ordinary shares fully paid	111,809,740	104,616,230

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. No dividends were declared during the current year or the prior year.

(b) Movements in ordinary shares

	2013		2012	
	Number of Shares	$	Number of Shares	$
Balance at the beginning of the year	2,384,396,755	104,616,230	1,495,191,946	92,539,992
Exercise of options	-	-	888	71
Conversion of convertible notes	1,026,860,241	3,933,000	96,864,788	1,235,000
Equity issues not for cash	120,817,472	415,823	3,000,000	39,000
Equity issues during the year for cash	646,242,000	3,231,210	789,339,133	12,292,307
Tranche issue of shares (1)	292,500,000	697,500	-	-
Less: transaction costs (2)	-	(1,084,023)	-	(1,490,140)
Balance at the end of the year	**4,470,816,468**	**111,809,740**	**2,384,396,755**	**104,616,230**

(1) During the financial year the Company drew down 3 tranches from the Working Capital Funding facility. These drawdowns realised a total of $450,000 in cash. In addition under accounting standards the Company is required to fair value the transaction due to the Company receiving a cash advance at the beginning of a drawdown period and issuing the shares at the end of 30 days from the drawdown. The Company is required to calculate the difference between the fair value of the share price on the date of issue and the purchase price. The movement will be considered a fair value gain or loss on the derivative. For the financial year this amount was a loss of $247,500.

(2) Transaction costs were higher in this financial year due to the upfront costs of establishing the equity based Working Capital Funding facility with The Australian Special Opportunities Fund, LP. The Company incurred costs of $175,000 for the commencement fee and a deemed cost of $170,000 for collateral shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

14 LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share for the year ended 30 June 2013 was based on the loss attributable to ordinary shareholders of $5,528,461 (2012: $4,766,272) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2013 of 2,997,845,432 (2012: 1,830,906,852), calculated as follows:

	Consolidated	
	2013	**2012**
	$	**$**
	Weighted average number of ordinary shares	
Issued ordinary shares at 1 July	2,384,396,755	1,495,191,946
Effect of shares issued during the period	613,448,677	335,714,906
Weighted average number of ordinary shares at 30 June	2,997,845,432	1,830,906,852
Loss attributable to ordinary shareholders	(5,528,461)	(4,766,272)
Loss per share (cents) overall	**(0.18)**	**(0.26)**

Potential ordinary shares are not considered dilutive and accordingly diluted earnings per share is the same as basic earnings per share. Total number of anti-dilutive options which could be dilutive in the future was 910,318,421 as at 30 June 2013 (2012: 679,099,507). 679,099,507 options expired on 31 August 2012.

Since year end a total of 1,000,000 series 3 convertible notes have been converted with 29,411,764 shares issued.

Since year end a total of 149,026,150 further shares have been issued in satisfaction of the Tranche 4 and Tranche 5 drawdown from the Lind Financing facility of 132,555,556 shares and interest payable to Series 3 Note holders paid as 16,470,594 shares. A total of 26,511,111 unlisted options were also issued in regard to the Tranche 4 and Tranche 5 of the drawdown from the Lind Financing facility.

There were no other events that occurred subsequent to year end which would have a significant effect on the number of shares or potential ordinary shares on issue.

15 RESERVES

	Consolidated	
	2013	**2012**
	$	**$**
Option premium reserve	4,029,740	4,029,740
Foreign exchange translation reserve	(4,924,244)	(7,105,044)
Convertible note reserve	1,369,193	1,369,193
Balance at end of the year	**474,689**	**(1,706,111)**

(a) Option premium reserve

(i) Nature and purpose of reserve

The management option premium reserve is used to record the value of incentive options.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

15 Reserves continued

(ii) Movements in reserve

	Consolidated	
	2013	**2012**
	$	**$**
Balance at the beginning of the year	4,029,740	4,029,740
Share option premium reserve	-	-
Issue of options	-	-
Balance at end of the year	**4,029,740**	**4,029,740**

(iii) Movements in options on issue

2013	**Number**	**Exercise Price**	**Expiry Date**
Unlisted options			
Balance at the beginning of the year	-	-	-
Issue of options	45,000,000	$0.0200	19-Mar-16
	10,000,000	$0.0024	19-Apr-16
	25,000,000	$0.0012	22-May-16
	11,000,000	$0.0015	27-Jun-16
Total unlisted options at the end of the year	**91,000,000**		
Listed options			
Balance at the beginning of the year	679,099,507	$0.08	31-Aug-12
Expiry of options	(679,099,507)	$0.08	31-Aug-12
Issue of options	173,076,921	$0.05	31-Dec-14
	646,242,000	$0.02	31-Dec-14
Total listed options at the end of the year	**819,318,921**		

2012	**Number**	**Exercise Price**	**Expiry Date**
Unlisted options			
Balance at the beginning of the year	600,000		
Options forfeited	(600,000)	$0.40	31-Aug-11
Total unlisted options at the end of the year	**-**	**-**	**-**
Listed options			
Balance at the beginning of the year	541,336,396		
Issue of options	137,763,999	$0.08	31-Aug-12
Exercise of options	(888)	$0.08	31-Aug-12
Total listed options at the end of the year	**679,099,507**	**$0.08**	**31-Aug-12**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

15 Reserves continued

(b) Foreign currency translation reserve

(i) Nature and purpose of reserve

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(ii) Movements in reserve

	Consolidated	
	2013 $	**2012 $**
Balance at the beginning of the year	(7,105,044)	(7,870,544)
Currency translation differences	2,180,800	765,500
Balance at end of the year	**(4,924,244)**	**(7,105,044)**

(c) Convertible note reserve

(i) Nature and purpose of reserve

These convertible notes have the ability to convert to ordinary shares and in accordance with the accounting standards the equity component is required to be calculated and included in shareholders' equity.

(ii) Movements in reserve

	Consolidated	
	2013 $	**2012 $**
Balance at the beginning of the year	1,369,193	1,369,193
Convertible notes issued (net of tax)	-	-
Balance at end of the year	**1,369,193**	**1,369,193**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

16 STATEMENT OF CASH FLOWS

(a) Reconciliation of the net loss after tax to the net cash flows from operations

	Consolidated	
	2013 $	2012 $
Net loss after tax for the period	**(5,528,461)**	**(4,766,272)**
Add/(less) non-cash items:		
Foreign currency translation	-	364
Allowance for impairment in exploration & development assets	1,185,483	3,272,784
Allowance for impairment of debtors	50,000	-
Amortisation of production and exploration assets	720,510	266,081
Accrued interest expense	80,001	75,099
Future value loss on derivative	156,695	-
Derivative finance cost	12,993	-
Net loss/(gain) on sale of non-current assets	783,381	(176,614)
Depreciation	9,746	15,265
Net cash (used in)/ from operating activities before change in assets and liabilities	**(2,529,652)**	**(1,313,293)**
Decrease/(increase) in receivables	(91,663)	(640,859)
Decrease/(increase) in other assets	0	7,265
Decrease/(increase) in prepayments	426,775	13,477
Increase/(decrease) in provisions	(274,590)	(76,886)
Increase/(decrease) in prepaid JV receipts	(27,566)	(7,594)
Increase/(Decrease) in payables	(193,150)	819,758
Net cash flow from / (used in) operating activities	**(2,689,846)**	**(1,198,132)**

(b) Reconciliation of cash and cash equivalents

Cash balance comprises:		
Cash at bank	**671,811**	**3,035,204**

(c) Non-cash investing and financial activities

	Consolidated	
	2013 $	2012 $
Shares issued as commencement fee and collateral for working capital funding facility.	345,000	-
Shares issued in settlement of interest on series 3 secured convertible notes.	70,823	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

17 INTEREST IN JOINTLY CONTROLLED ASSETS

At 30 June 2013 the Consolidated Entity was a participant in the following jointly controlled assets:

	Consolidated	
	2013 Working Interest %	2012 Working Interest %
Producing wells		
Jumonville #1	-	54.25%
Jumonville #2	-	54.25%
Dugas & Leblanc #3	15.30%	15.30%
Sugar Valley #1	12.00%	12.00%
Louisiana prospects		
Fausse Point	-	18.00%
Napoleonville Mound II	3.83%	3.83%
Hensarling #1	3.99%	3.99%
North Edna (carried)	-	11.20%
Acadia Project option	33.75%	33.75%
Texas prospects		
Bowtie project	-	12.00%
Eagle Ford project	-	10.00%
Goliad Project option	25.00%	25.00%

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenues and profit. Capitalised petroleum exploration costs of $1,034,353 (2012: $2,769,560) and production costs of $1,145,186 (2012: $631,905) represent principally the Consolidated Entity's share of development and exploration joint ventures, the material interests of which are noted above.

18 COMMITMENTS

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	Consolidated	
	2013 $	2012 $
Less than one year	52,580	28,703
Between one and five years	60,412	2,240
More than five years	-	-
	112,992	**30,943**

The Consolidated Entity extended the term for the current space in regard to the Houston office. These leases expire on 31 July 2015. There are no exploration commitments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

19 CONTINGENT LIABILITIES

Several class action suits had been filed in the United States against the operator of the Dugas & Leblanc #1 well and the joint venture partners. Commercial settlement has been reached between the landowners affected by the well blow out and the joint venture partners. The settlement was achieved without additional cash outlay by the Company. The Company continues to have (as a joint venture partner) ongoing personal injuries cases that are pending. In addition under the settlement with the landowners, the joint venture partners remain obligated to complete the remaining remediation of the land affected by the blowout. As at the date of this report the Company does not expect any material costs to eventuate given the level of the Company's insurance. Any eventuating costs and insurance reimbursements are unable to be quantified as this time.

Mr Paul Page and Petro-Raider LLC, "Petro Raider" together a party to a previous agreement with a subsidiary of Arturus Capital Limited in connection with the Permian project leases have enjoined the Company in an action to enforce an option agreement previously entered into by Arturus Capital Limited with the parties prior to the sale of the leaseholds to the Company. The parties are seeking to transfer the option agreement to a US based subsidiary of the Company. The primary claims by Petro-Raider are its rights to a 5% net profits interest and 20% working interest back-in. The working interests back-in would not vest until the Company's capital costs have been recovered, which is expected to take years. Petro-Raider also contends that when the Company recovers 110% of the amount of its capital costs that the back-in increases to 25%. Petro-Raider, makes no claim to the balance of the working interest. Petro Raider also claim fraud, tortious interference and civil conspiracy. The Company has in place an indemnity provided by Arturus Capital Limited against the actions by the party. A court hearing has been scheduled for 8 November 2013 and trial scheduled for June 2014.

Mr Paul Page and Petro-Raider LLC have also filed a claim with the Texas Railroad Commission challenging the validity of the drilling permit for the Company's SRH #5H horizontal well. The Company considers this claim to be without merit and has lodged a vigorous defence.

Chalk Sea Development, Limited has commenced an action in the USA concerning a claimed 3% override royalty on the Permian prospect. The action is based on an agreement entered into by Chalk Sea Development with Arturus Capital Limited prior to the acquisition of the leases by the Company. The Company is defending its position in this action and has an indemnity from Arturus Capital Limited to ensure that the Company receives a 100% working interest in the leases that it purchases from Arturus Capital Limited.

On 6 June 2013 Arturus Capital Limited was placed in liquidation and therefore the value of this indemnity is uncertain. The Company has lodged a proof of debt with the liquidator in regard to certain legal, royalties and administration costs that the Company considers that Arturus Capital Limited is required to pay.

20 AUDITORS' REMUNERATION

Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:

	Consolidated	
	2013	**2012**
	$	**$**
Audit or review of the financial reports of the company		
Auditors of Golden Gate Petroleum Ltd – Grant Thornton	106,109	39,027
Other auditors – BDO (NSW-Vic) Pty Ltd	-	82,971
	106,109	**121,998**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

21 KEY MANAGEMENT PERSONNEL

(i) Directors and Executives

Mr S Graves	- Executive Chairman (appointed as a director 4 February 2008, Executive Chairman on 31 January 2011)
Mr C Porter	- Non-Executive Director (appointed 20 October 2012)
Mr R Oliver	- Non-Executive Director (appointed 20 October 2012)
Mr F Petruzzelli	- Non-Executive Director (appointed 30 June 2003), resigned 30 November 2012
Mr F Brophy	- Non- Executive Director (appointed 1 November 2009), resigned 30 November 2012
Mr C Ritchie	- Chief Financial Officer & Company Secretary (appointed 12 July 2010)
Mr C Bowyer	- Company Secretary (appointed 18 April 2008, resigned 1 January 2012)

	Consolidated	
	2013 $	2012 $
DISCLOSURES		
Short term	731,704	754,790
Short term non-monetary	5,411	5,693
Cash bonus	-	10,000
Post-employment	18,949	8,180
	756,064	**778,663**

(a) Shares issued on exercise of remuneration options

No remuneration options were exercised in the 2013 or 2012 financial years.

(b) Option holdings of key management personnel

The movement during the reporting period in the number of options over ordinary shares in Golden Gate Petroleum Ltd held, directly, indirectly or beneficially, by each director and executive, including their personally-related entities.

2013	Held at 1 July 2012	Granted	Expired	Exercised/ Sold	Other Changes (1)	Held at 30 June 2013	Exercisable/ Vested
Key Management Personnel							
Mr S Graves	1,249,530	-	(1,249,530)	-	2,803,729	2,803,729	2,803,729
Mr F Petruzzelli (2)	1,093,426	-	(1,093,426)	-	-	-	-
Mr F Brophy (2)	2,000,000	-	(2,000,000)	-	-	-	-
Mr C Porter	-	-	-	-	-	-	-
Mr R Oliver	-	-	-	-	-	-	-
Mr C Ritchie	-	-	-	-	-	-	-
Total	**4,342,956**	**-**	**(4,342,956)**	**-**	**2,803,729**	**2,803,729**	**2,803,729**

(1) During the 2013 year Mr Graves participated in the entitlement issue undertaken by the Company. The increase in option holdings is as a result of the free attaching options issued to new ordinary shares purchased on the same terms and conditions available to all shareholders.

(2) Final balance refers to the date of resignation of the director.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

21 Key management personnel continued

2012	Held at 1 July 2011	Granted	Expired/ Forfeiture	Exercised/ Sold	Other Changes	Held at 30 June 2012	Exercisable / Vested
Key Management Personnel							
Mr S Graves	1,249,530	-	-	-	-	1,249,530	1,249,530
Mr F Petruzzelli	1,093,426	-	-	-	-	1,093,426	1,093,426
Mr F Brophy	2,000,000	-	-	-	-	2,000,000	2,000,000
Mr C Bowyer	-	-	-	-	-	-	-
Mr C Ritchie	-	-	-	-	-	-	-
Total	**4,342,956**	**-**	**-**	**-**	**-**	**4,342,956**	**4,342,956**

(c) Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares of Golden Gate Petroleum Ltd held, directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

2013	Held at 1 July 2012	On Exercise of Options	Other changes (1)	Held at 30 June 2013
Key Management Personnel				
Mr S Graves	9,214,916	-	10,803,729	20,018,645
Mr F Petruzzelli (2)	13,337,888	-	13,500,000	26,837,888
Mr F Brophy (2)	-	-	-	-
Mr C Porter	-	-	2,500,000	2,500,000
Mr R Oliver	-	-	-	-
Mr C Ritchie	-	-	-	-
Total	**22,552,804**	**-**	**26,803,729**	**49,356,533**

(1) During the year Mr Graves purchased 8,000,000 shares on market and participated in the entitlement issue undertaken by the Company and purchased 2,803,729 shares. Mr Petruzzelli purchased 13,500,000 shares on market during the period in which he was a director, and Mr Porter bought 2,500,000 shares on market.

(2) The final balance refers to the date of resignation of the director.

2012	Held at 1 July 2011	On Exercise of Options	Other changes (1)	Held at 30 June 2012
Key Management Personnel				
Mr S Graves	4,563,051	-	4,651,865	9,214,916
Mr F Petruzzelli	4,285,651	-	9,052,237	13,337,888
Mr F Brophy	-	-	-	-
Mr C Ritchie	-	-	-	-
Mr C Bowyer	-	-	-	-
Total	**8,848,702**	**-**	**13,704,102**	**22,552,804**

(1) During the year Mr Graves purchased 4,000,000 shares on market and participated in the rights issue undertaken by the Company and purchased 651,865 shares. Mr Petruzzelli purchased 7,760,000 shares on market and participated in the rights issue undertaken by the Company and purchased 1,292,237 shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

21 Key management personnel continued

(d) Other transactions and balances with key management personnel

No loans have been made during the financial period or at the date of this report to any specified directors or specified executives. A number of specified directors and specified executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Transaction	Note	2013 $	2012 $
Directors & Executives			
Mr F Petruzzelli	(i)	380,950	785,794
Mr S Graves	(ii)	54,278	121,781
Mr C Porter		-	-
Mr R Oliver		-	-
Mr C Ritchie	(iii)	5,964	19,070

(i) During 2013, MDB Taxation & Business Advisors Pty Ltd & MDB Corporate Advisors, of which Mr F Petruzzelli is a principal, provided consulting, accounting, administration and taxation services, provided serviced office accommodation and was reimbursed director and management related travel costs. MDB was owed $55,460 at year end (2012: $67,873). During 2013, MDB Corporate Advisors were paid corporate advisory fees of $95,000 (2012: $351,959).

(ii) During 2013, Tigre International Inc., of which Mr S Graves is a director was reimbursed travel costs. Tigre International Inc. was owed $8,125 at year end (2012: 48,472).

(iii) During 2013, Mr C Ritchie was reimbursed travel and shareholder meeting costs. Mr Ritchie was owed $5,964 at year end (2012: $8).

22 SHARE BASED PAYMENTS

(a) Recognised share based payments

	2013 $	2012 $
Shares issued in settlement of prepaid legal fees	125,000	-

(b) Details of options granted and vested during the year ended 30 June 2013

During the year the Company did not issue any incentive options to directors, executives and consultants. No options vested during the year.

During the year the Company granted options to The Australian Special Opportunities Fund, LLC in line with the terms and conditions of the Working Capital Facility. These options vested upon issue.

Details of options granted and vested during the year ended 30 June 2012

During the year the Company did not issue any incentive options to directors, executives and consultants. No options vested during the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

22 Share based payments continued

(c) Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at the beginning of the year	2,000,000	0.080	2,600,000	0.15
Granted during the year	91,000,000	0.011	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(2,000,000)	0.080	(600,000)	0.40
Outstanding at the end of the year	**91,000,000**	**0.011**	**2,000,000**	**0.08**
Exercisable at the end of the year	**91,000,000**	**0.011**	**2,000,000**	**0.08**

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 2.81 years (2012: 0.17 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.02 to $0.0012. The exercise price of options outstanding at the end of the previous year was $0.08. Refer to section (c) above for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of the those options.

(f) Weighted average fair value

The weighted average fair value price of options issued during the year was $0.0034.There were no options granted or vested in the previous year.

23 SUBSEQUENT EVENTS

On 3 July 2013 the Hensarling #1 well commenced production at the Desiree field of the Napoleonville prospect.

On 23 July 2013 the Company advised that the Series 1 Convertible Notes maturity date had been extended by mutual agreement to 30 June 2014.

On 24 July the Company announced that a commercial settlement had been reached between the landowners affected by the Dugas & Le Blanc #1 well blowout and the JV partners. In addition, a commercial settlement between the JV partners and the workover operator of the rig had been reached. The settlements were achieved without additional cash outlay by the Company.

On 24 July 2013 the Company announced that a trial date during the month of June, 2014 had been set to hear the dispute between the Company and Mr Paul Page and Petro Raider, LLC in regard to the Permian leases. The Company expects that a final ruling could take between one and two years to be finalised. Further, on 14 August 2013, the Company announced its intention to seek a ruling from the Texas Court on the Company's motion to dismiss some of the ancillary claims from the original filings by Petro-Raider LLC. A decision by the Court either in the Company's favour or against it would remove a primary impediment to the development of the project. On 30 August 2013 the Company announced that a court hearing had been scheduled for 8 November 2013 to address the Company's motion to dismiss.

On 25 July 2013 the Company advised that at a General Meeting of shareholders held in Sydney that eight resolutions concerning the ratification of a prior issue of a convertible security, fully paid ordinary shares and options were all passed on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise cash, trade receivable and payables, and convertible notes. It is, and has been throughout the period under review, the Consolidated Entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Consolidated Entity's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk.

Historically, the Consolidated Entity has not implemented strategies to mitigate these financial risks. As the Consolidated Entity's activities are mainly in the US the majority of funds held are held in US$ to mitigate foreign currency risk. Accordingly, no hedging policies have been put in place. The directors will review this policy periodically going forward. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(a) Interest rate risk

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity's cash and short-term deposits with a floating interest rate. These financial assets with variable rates expose the Consolidated entity to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing or bear fixed interest rates (the convertible notes). The Consolidated Entity currently does not engage in any hedging or derivative transactions to manage interest rate risk.

(b) Foreign currency risk

The Consolidated Entity also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Consolidated Entity currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

(c) Commodity price risk

Due to the nature of the group's and parent's principal operations being oil & gas exploration and production the group and the parent is exposed to the fluctuations in the price of oil & gas. Although the group and parent entity is economically exposed to commodity price risk of the abovementioned inputs, this is not a recognised market risk under the accounting standards as the risk is embedded within normal purchase and sales and are therefore not financial instruments.

(d) Credit risk

The Consolidated Entity trades only with recognised, creditworthy third parties. It is the Consolidated Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Consolidated Entity. With respect to credit risk arising from the other financial assets of the Consolidated Entity, which comprise cash and cash equivalents the Consolidated Entity's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Since the Consolidated Entity trades only with recognised third parties, there is no requirement for collateral.

(e) Liquidity risk

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if required. The Company does not currently have any bank loans.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

25 FINANCIAL INSTRUMENTS
a. Interest rate risk

Interest rate risk exposures

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

Consolidated					
2013	Weighted Average Interest rate	Fixed Interest Rate $	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial assets					
Cash assets *	0.1%	-	671,811	-	671,811
Trade and other receivables – current *	-	-		1,537,746	1,537,746
Security deposits **	0.5%	-	253,500	-	253,500
		-	**925,311**	**1,537,746**	**2,463,057**
Financial liabilities					
Trade and other payables*	-	-	-	5,050,262	5,050,262
Convertible security **	-	-	-	27,351	27,351
Derivative liability **	-	-	-	444,837	444,837
Convertible notes *	10%	980,000	-	-	980,000
Convertible notes *	11%	506,000	-	-	506,000
		1,486,000	**-**	**5,522,450**	**7,008,450**

* Maturing in 1 year or less ** Maturing in 1 year or more

Consolidated					
2012	Weighted Average Interest rate	Fixed Interest Rate $	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial assets					
Cash assets *	0.1%	-	3,035,204	-	3,035,204
Trade and other receivables - current *	-	-	-	1,427,568	1,427,568
Security deposits **	0.5%	-	272,015	-	272,015
		-	**3,307,219**	**1,427,568**	**4,734,787**
Financial liabilities					
Trade and other payables*	-	-	-	3,468,751	3,468,751
Convertible notes **	11%	2,945,000	-	-	2,945,000
		2,945,000	**-**	**3,468,751**	**6,413,751**

* Maturing in 1 year or less ** Maturing in 1 year or more

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

25 Financial instruments continued

Sensitivity analysis

(a) Interest rate risk

The table below details the interest rate sensitivity analyses of the entity at the reporting date, holding all other variables constant. A 50 basis point favourable (+) and unfavourable (-) change is deemed to be possible change and is used when reporting interest rate risk.

Consolidated		Effect On:		Effect On:	
		Profit	Other Comprehensive Income	Profit	Other Comprehensive Income
Risk variable	**Sensitivity***	**2013**	**2013**	**2012**	**2012**
Interest rate	+ 50 b.p.	3,359	3,359	15,176	15,176
	- 50 b.p.	(3,359)	(3,359)	(15,176)	(15,176)

(b) Foreign currency risk

There is no material foreign exchange denominated financial assets or liabilities.

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date in portion to each class of recognised financial asset, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

(d) Liquidity risk and capital management

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due.
The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity objectives when managing capital are to safeguard the Consolidated Entity ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. Capital is defined as total equity and borrowings, as disclosed in the Statement of Financial Position. In order to maintain or adjust the capital structure, the Consolidated Entity may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Consolidated Entity's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Consolidated Entity has a deficiency in working capital of $3,489,551 (2012: $778,059). Notwithstanding this deficiency all the directors consider the Consolidated Entity to be a going concern.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

25 Financial instruments continued

The following are the contractual maturities of financial liabilities:

Consolidated 30 June 2013	Carrying amount $	Contractual cash flows $	<3 months $	3-6 mths $	6-24 mths $	>2 years $
Trade and other payables	5,050,262	5,050,262	5,050,262	-	-	-
Convertible notes *	2,036,000	58,245	13,915	13,915	30,415	-
	7,086,262	**5,108,507**	**5,064,177**	**13,915**	**30,415**	**-**

* The contractual cash flows are interest only as the holder has no right to redemption. Interest on Series 3 secured convertible notes has been paid by the issue of shares at the Company's option. This is likely to continue in regard to these notes. The Company has arrangements to extend payment terms for certain creditors of the SRH 5H well.

Consolidated 30 June 2012	Carrying amount $	Contractual cash flows $	<3 months $	3-6 mths $	6-24 mths $	>2 years $
Trade and other payables	3,468,751	3,468,751	3,468,751	-	-	-
Convertible notes *	2,945,000	211,394	80,672	80,672	50,050	-
	6,413,751	**3,680,145**	**3,549,423**	**80,672**	**50,050**	**-**

* The contractual cash flows are interest only as the holder has no right to redemption.

(e) Fair values

Methods and assumptions used in determining net fair value

For financial assets and liabilities, the fair value approximates their carrying value. Accounts receivable, accounts payable, cash and cash equivalents approximates fair value due to their short term nature. Intercompany loans approximates fair value due to being payable on demand. The Company has no financial assets where carrying amounts exceed net fair values at balance date.

26 SEGMENT INFORMATION

The group has identified its operating segments based on the internal management reporting that is reviewed and used by the executive management team (the chief operating decision makers ("CODM") in assessing performance and in determining the allocation of resources.

The group has one operating business, being oil and gas exploration and development in the USA. The financial information reviewed by the CODM is only prepared on a consolidated basis and no discrete financial information is available, hence no business segments and no segment information is presented.

Entity-wide disclosures

Products and services

Revenues from external customers for each group of similar products and services is as follows:

Revenues from external customers	Oil $	Gas $	Condensate $	Total $
2013	2,861,258	308,726	321,282	3,491,266
2012	3,116,359	312,694	267,894	3,696,947

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

26 Segment information continued

Geographical information

Revenues and non-current assets by geographical location are as follows:

2013	USA $	Australia $
Sales revenue	3,491,266	-
Non-current assets	27,379,686	1,684

2012	USA $	Australia $
Sales revenue	3,696,947	-
Non-current assets	19,501,645	3,545

The Consolidated Entity produces oil and gas to customers located in the North American market. The Group has two customers to which it provides oil, gas and other products. These customers account for 100% of total revenue.

27 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2013, the parent entity of the group was Golden Gate Petroleum Limited.

	Parent	
	2013 **$**	**2012** **$**
Result of the parent entity		
Loss of the parent entity	(6,392,705)	(3,794,652)
Total comprehensive income of the parent entity	**(6,392,703)**	**(3,794,652)**
Financial position of the parent entity at year end		
Current assets	487,345	1,537,475
Non-current assets	24,599,862	23,547,766
Total assets	**25,087,207**	**25,085,241**
Current liabilities	1,210,686	3,461,712
Non-current liabilities	1,452,188	-
Total liabilities	**2,662,874**	**3,461,712**
Net assets	22,424,333	21,623,529
Contributed equity	111,809,740	104,616,231
Retained earnings	(89,467,213)	(83,074,508)
Option premium reserve	4,029,740	4,029,740
Foreign exchange translation reserve	(5,317,127)	(5,317,127)
Convertible note reserve	1,369,193	1,369,193
Total shareholders' equity	**22,424,333**	**21,623,529**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

27 Parent entity information continued

	Parent	
	2013	**2012**
	$	**$**
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	-	-
Details of any contingent liabilities of the parent entity	-	-
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment	-	-

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report
To the Members of Golden Gate Petroleum Limited

Report on the financial report

We have audited the accompanying financial report of Golden Gate Petroleum Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit and loss statement and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Golden Gate Petroleum Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1(c) in the consolidated financial statements which describes the Directors' concerns that the Company has insufficient cash resources at 30 June 2013 to fund the existing working capital deficit nor the ability to fund the Company's obligations over the next 12 months, and that the Company's going concern assumption is dependent upon the continued support of existing creditors and its ability to obtain necessary financing to carry out its contractual obligations. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT CONTINUED

GrantThornton

Report on the remuneration report

We have audited the remuneration report included in pages 17 to 22 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Golden Gate Petroleum Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Nicholas E. Burne
Partner - Audit & Assurance

Melbourne, 30 September 2013

CORPORATE GOVERNANCE STATEMENT

1 OVERVIEW

In March 2003, the Australian Securities Exchange (ASX) Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations").

In August 2007, the ASX Corporate Governance Council published a revised Principles and Recommendations (2nd Edition) to ensure that these remain relevant to the Australian business and investment communities. These revised Principles and Recommendations reflect the contributions of more than 100 public submissions and took effect from 1 January 2008. These Principles and Recommendations were further revised in 2010.

The ASX Corporate Governance Council's Recommendations are not mandatory and cannot, in themselves, prevent corporate failure or poor corporate decision-making. They are intended to provide a reference point for companies about their corporate governance structures and practices. There is no single model of good corporate governance. The document articulates eight core principles along with various recommendations to assist in meeting these.

The ASX Corporate Governance Council encourages companies to use the guidance provided by this document as a focus for re-examining their corporate governance practices and to determine whether and to what extent the company may benefit from a change in approach, having regard to the company's particular circumstances. There is little value in a checklist approach to corporate governance that does not focus on the particular needs, strengths and weaknesses of the company. The ASX Corporate Governance Council recognises that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following the Recommendations.

The Recommendations are not prescriptions, they are guidelines, designed to produce an outcome that is effective and of high quality and integrity. This document does not require a "one size fits all" approach to corporate governance. Instead, it states suggestions for practices designed to optimise corporate performance and accountability in the interests of shareholders and the broader economy. If a company considers that any of the Recommendations are inappropriate to its particular circumstances, it has the flexibility not to adopt it - a flexibility tempered by the requirement to explain why – the "if not, why not" approach.

The Company's Corporate Governance Statement is structured below with reference to the ASX Corporate Governance Council's Principles and Recommendations (2nd Edition).

Further information on the Company's corporate governance policies is located on the website: www.ggpl.com.au

CORPORATE GOVERNANCE STATEMENT CONTINUED

	Recommendation	Comply Yes / No	Reference
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	Yes	Page 74
1.2	Disclose the process for evaluation the performance of senior executives	Yes	Page 74
2.1	A majority of the board should be independent directors.	Yes	Page 74
2.2	The chairperson should be an independent director.	No	Page 74
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	No	Page 74
2.4	The board should establish a nomination committee.	No	Page 74
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	Yes	Page 74
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: the practices necessary to maintain confidence in the Company's integrity; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Page 75
3.2	Disclose the policy concerning trading in Company securities by directors, officers and employees.	Yes	Page 75
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity.	Yes	Page 75
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior positions and women on the board	Yes	Page 75
4.1	The board should establish an audit committee.	No	Page 76
4.2	Structure the audit committee so that it consists of: only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the Board; at least three members.	No	Page 76
4.3	The audit committee should have a formal charter.	No	Page 76
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	Page 77
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Yes	Page 77
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	Yes	Page 78
7.2	The board should require management to design and implement the risk management, and internal control system the company's material business risks and report to it on whether these risks are being managed effectively. The board should disclose that management has reported to it is as to the effectiveness of the company's management of its material business risks.	Yes	Page 78
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 78
8.1	The board should establish a remuneration committee.	No	Page 79
8.2	The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members	No	Page 79
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 79

CORPORATE GOVERNANCE STATEMENT CONTINUED

2 PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

2.1 Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1:
Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Recommendation 1.2:
Companies should disclose the process for evaluating the performance of senior executives.

Recommendation 1.3:
Companies should provide the information indicated in the Guide to reporting on Principle 1.

2.2 The Company's practice:

The board sets its primary responsibility as the protection and enhancement of long term shareholder value. The board is also responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business on behalf of its shareholders, by whom the directors are elected and to whom they are accountable.

Further, the board takes specific responsibility for:-

> the appointment and removal of the managing director and the company secretary,

> the final approval of management's development of corporate strategies and performance objectives,

> the review and modification of internal controls with respect to internal and legal compliance and its code of conduct,

> monitoring and evaluating senior management's performance and the implementation of the Company's corporate strategies and objectives,

> ensuring that appropriate resources are available to achieve strategic objectives,

> the appointment of directors to the board and ensuring those directors receive a letter of appointment identifying their duties and specific responsibilities, the Company's expectations of them, their remuneration and their obligations with respect to advising the Company of any compliance matters.

The board is responsible for the overall corporate governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a formal board charter. In broad terms, the board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The board charter sets out the role and responsibilities of the board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

Senior executives are responsible for the ongoing management of the Company's operations and report to the board. They are accountable for all functions that are necessary to the operations of the Company and not specifically reserved to the board.

3 PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendation 2.1:
A majority of the board should be independent directors.

Recommendation 2.2:
The chair should be an independent director.

Recommendation 2.3:
The roles of chair and chief executive officer should not be exercised by the same individual.

Recommendation 2.4:
The board should establish a nomination committee.

Recommendation 2.5:
Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Recommendation 2.6:
Companies should provide the information indicated in the guide to reporting on Principle 2.

3.1 The Company's practice:

Independence

Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

The board presently comprises an executive chairman, and two non-executive directors. Under the independence guidelines in the Recommendations, only Mr Brophy, a non-executive director, would be considered independent as he is not currently involved or previously been involved in the management of the Company. The Company has advised that it is interested in appointing an additional independent director to complement the existing board member's expertise.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Composition

The directors have been chosen for their particular expertise to provide the company with a competent and well-rounded decision-making body and which will assist the company and shareholders in meeting their objectives. Please refer to the Directors' Report to view the expertise of each director. The term in office held by each director in office at the date of this report is as follows:

Name	Position	Term in Office
Mr S Graves	Managing Director	6 Yrs
Mr C Porter	Non-Executive Director	1 Yr
Mr R Oliver	Non-Executive Director	1 Yr

The directors meet both formally and informally, so that they maintain a mutual, thorough understanding of the Company's business and to ensure that the Company's policies of corporate governance are adhered to.

Education

The Company has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the Company's expectations concerning the performance of directors. Directors are given access to and encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the chairman, may seek independent professional advice from a suitably qualified advisor at the Consolidated Entity's expense. The director must consult with an advisor suitably qualified in the relevant field and obtain the chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other board members.

Nomination committee

The Company does not currently have a separate nomination committee. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities. The board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

Monitoring of board performance

The performance of all directors is reviewed by the chairman on an ongoing basis and any director whose performance is considered unsatisfactory is asked to retire. The chairman's performance is reviewed by the other board members. The Company has established firm guidelines to identify the measurable and qualitative indicators of the director's performance during the course of the year.

4 PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1:
Companies should establish a code of conduct and disclose the code or a summary of the code as to:

> the practices necessary to maintain confidence in the company's integrity

> the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders

> the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

Recommendation 3.2:
Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

Recommendation 3.3:
Companies should disclose in each annual report the measurable objectives for achieving gender diversity.

Recommendation 3.4:
Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Recommendation 3.5:
Companies should provide the information indicated in the Guide to reporting on Principle 3.

4.1 The Company's practice:

Ethical standards

The Company has a formal code of conduct as per Recommendation 4.1. This code outlines how directors and employees of the Company and its related bodies corporate are to behave when conducting business.

The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Directors dealings in company shares

The Company has a securities trading policy in place that applies to its directors, employees and contractors. The trading policy prohibits directors, employees and contractors from dealing in shares of the Company

CORPORATE GOVERNANCE STATEMENT CONTINUED

whilst in possession of price sensitive information. General trading in the Company's securities is prohibited:

- whilst in possession of unpublished price sensitive information;
- where officers are engaging in the business of active dealing;
- four weeks before and 24 hours after the release of the Company's half yearly or annual report to the ASX;
- two weeks before and 24 hours after the release of the Company's quarterly reports; and
- two weeks before lodgement and during the period that a disclosure document including a prospectus is open for applications except to the extent that a director or employee is applying for securities pursuant to that disclosure document.

The policy requires directors to notify the board and employees to notify the managing director in advance of any transactions involving the Company's securities. In addition, directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests.

Conflicts of interest

In accordance with the Corporations Act and the Company's constitution directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the board believes that a significant conflict exist the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Diversity

The Company does not have a diversity policy. At this time the Board believes that the Company adopts an open and inclusive attitude in the decisions on the employment of individuals and the appointment of new directors. The Company wishes to ensure that it seeks and retains the best people for the roles assigned regardless of gender.

Category	Women as a proportion of total
Organisation as a whole	43%
Senior executive positions	0%
Board of directors	0%

5 PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1:
The board should establish an audit committee.

Recommendation 4.2:
The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

Recommendation 4.3:
The audit committee should have a formal charter.

Recommendation 4.4:
Companies should provide the information indicated in the Guide to reporting on Principle 4.

4.1 The Company's practice:

Audit committee

The board has not established a separate audit committee. This function is performed by the role of the full board.

The processes the board applies in performing this function include:-

- reviewing internal control and recommending enhancements,
- monitoring compliance with Corporations Act 2001, Stock Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions,
- improving the quality of the accounting function,
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management,
- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner, and
- reviewing the performance of the external auditors on an annual basis and nomination of auditors is at the discretion of the Board.

Audit and compliance policy

The board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the board on these issues and the board meets regularly to consider audit matters prior to statutory reporting. The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The board assumes responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The board maintains responsibility for a framework of internal control and ethical standards for the management of the consolidated entity.

The board, consisting of members with financial expertise and detailed knowledge and experience of the oil and gas exploration and evaluation business, advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The managing director and the chief financial officer declared in writing to the board that the Company's financial reports for the year ended 30 June 2012 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

6 PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1:
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Recommendation 5.2:
Companies should provide the information indicated in the guide to reporting on Principle 5.

6.1 The Company's practice:

Continuous disclosure policy

The Company has a formal continuous disclosure and information policy as required by Recommendation 5.1. This policy was introduced to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring the Company and individual officers do not contravene the Corporations Act or ASX Listing Rules.

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Therefore to meet this obligation the Company undertakes to:

> Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the companies securities, unless that information is not required to be disclosed under the listing rules;

> Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and

> Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The company secretary is responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all directors, officers and employees of the Company coordinate disclosures through the company secretary, including:

> Media releases;

> Analyst briefings and presentations; and

> The release of reports and operational results.

Information not disclosed via ASX announcement that might be considered price sensitive will not be discussed with any external parties other than on a confidential basis in order to conduct the business of the Company. Discussions with external parties will only occur following an ASX announcement. All written materials containing new price sensitive information to be used in briefing media, investors and analysts will be notified to the ASX prior to the commencement of that briefing. In reviewing the content of analysts' reports and profit forecasts, the Company will correct factual inaccuracies or historical matters. Media contact and comment are conducted by the managing director. Other directors, officers and employees of the Company will not disclose any information to the media without express permission from the managing director.

7 PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1:
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Recommendation 6.2:
Companies should provide the information indicated in the guide to reporting on Principle 6.

The Company's practice:

Shareholder communication

The board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to shareholders through:

- the Annual Report which is distributed to all shareholders,
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on the Company's website,
- the Annual General Meeting and other meetings so called to obtain approval for board action as appropriate, and
- compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

The board encourages full shareholder participation at the Annual General Meeting as it provides shareholders an opportunity to review the company's annual performance. Shareholder attendance also ensures a high level of accountability and identification with the Company's strategy and goals.

The shareholders are responsible for voting on the appointment of directors, approval of the maximum amount of directors' fees and the granting of options and shares to directors. Important issues are presented to the shareholders as single resolutions.

The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.
The Company's policy on shareholder communication can be found on the website.

8 PRINCIPLE 7: RECOGNISE AND MANAGE RISK

8.1 Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1:
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Recommendation 7.2:
The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Recommendation 7.3:
The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4:
Companies should provide the information indicated in the guide to reporting on Principle 7.

8.2 The Company's practice:

Recognise and manage risk

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various directors and management, depending upon the nature and materiality of the matter. The board has no formal policy in place to recognise and manage risk as required by Recommendation 7.1, as it considers, in the context of the size and nature of the Company, that it would not improve the present modus operandi.

RISK MANAGEMENT

Oversight of the risk management system

The board takes a proactive approach to risk management. The board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the board. This oversight encompasses operational, financial reporting and compliance risks.

The Company believes that it is crucial for all board members to be a part of the process, and as such the board has not established a separate risk management committee. The board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the board approval process for the strategic plan, which encompasses the Company's vision and strategy, designed to meet stakeholder's needs and manage business risks.

The managing director and chief financial officer have declared, in writing to the board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Company.

Internal control framework

The board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the board has instigated an internal control framework that deals with:

Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the board. Monthly actual results are reported against these budgets.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.

Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

9 PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

9.1 Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1:
The board should establish a remuneration committee.

Recommendation 8.2:
The remuneration committee should be structures so that it:

> Consists of a majority of independent directors

> Is chaired by an independent director

> Has at least three members

Recommendation 8.3:
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Recommendation 8.3:
Companies should provide the information indicated in the guide to reporting on Principle 8.

9.2 The Company's practice:

Remuneration committee

The Company does not currently have a separate remuneration committee. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities.

Remuneration policies

Remuneration of directors are formalised in service agreements. The board is responsible for determining and reviewing compensation arrangements for the directors themselves, the managing director and the executive team. It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the board links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance.

The expected outcomes of the remuneration structure are:

> Retention and motivation of key executives

> Attraction of quality management to the Company

> Performance incentives which allow executives to share the rewards of the success of the Company

> Remuneration of non-executive directors is determined by the board with reference to comparable industry levels and, specifically for directors' fees, within the maximum amount approved by shareholders.

For details on the amount of remuneration and all monetary and non-monetary components for all directors refer to the Remuneration Report of the Annual Report.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the board, having regard to the overall performance of the Company and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

ADDITIONAL SHAREHOLDER INFORMATION

As at 13 September 2013

Stock exchange listing

Golden Gate Petroleum Ltd shares are listed on the Australian Securities Exchange Limited.
The Company's ASX code is GGP for ordinary shares and GGPOA and GGPOB for listed options.

Substantial shareholders (holding not less than 5%)	
The Australian Special Opportunities Fund, LP	5.96%
Alimold Pty Ltd	5.96%

Class of shares and voting rights

At 13 September 2013 there were 5,510 holders of 4,649,254,382 ordinary fully paid shares of the Company.
The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to the options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

Distribution of security holders

Number of shares held	Number of shareholders
1 – 1,000	307
1,001 – 5,000	323
5,001 – 10,000	206
10,001 – 100,000	1,871
100,001 and over	2,803
Total	**5,510**

The number of shareholders holding less than a marketable parcel is 4,372.

Cash usage

Since the time of listing on ASX, the entity has used its cash resources and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

Unlisted options

Number Issued	Exercise Price	Maturity Date	Number of Holders
45,000,000	$0.02	19 Mar 2016	1
10,000,000	$0.024	19 Apr 2016	1
25,000,000	$0.012	22 May 2016	1
11,000,000	$0.0015	7 Jun 2016	1
13,111,111	$0.0011	6 Sep 2016	1

All unlisted options are held by The Australian Special Opportunities Fund, LP.

Additional Shareholder information continued

As at 13 September 2013

Listing of 20 largest shareholders

	Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held
1	HSBC Custody Nominees (Australia) Limited	284,756,302	6.125%
2	Alimold Pty Ltd	276,920,000	5.956%
3	Mrs P J Bligh	164,603,755	3.540%
4	Supafaha Pty Ltd <Supafaha Super Fund>	141,428,573	3.042%
5	Elba Investments Pty Ltd	117,012,400	2.517%
6	Highland Timbers Pty Ltd	86,663,000	1.864%
7	Fodemo Pty Ltd	75,228,572	1.618%
8	Ganeshaya Pty Ltd	71,574,132	1.539%
9	Cooinda Corporation Pty Ltd < J Price Superfund>	54,247,231	1.167%
10	Mr T A Valentine	50,000,000	1.075%
11	Weach Pty Ltd <Lennox Family S/F A/C>	47,300,000	1.017%
12	JP Morgan Nominees Australia Limited	47,042,941	1.012%
13	Mr S W Tritton	45,718,486	0.983%
14	Mr G J Bligh	44,096,011	0.948%
15	Mrs T Kolimackovski	40,000,000	0.860%
16	Mr T D Clarke	36,492,084	0.785%
17	Willow Bend Station Pty Ltd	36,178,574	0.778%
18	Camlex Holdings Pty Ltd	35,609,590	0.766%
19	Four P Investment Co Pty Ltd	35,100,000	0.755%
20	Mr P F Kanizay	32,000,000	0.688%
	Total	**1,721,971,651**	**37.035%**

Listing of 20 largest listed option holders:- GGPOA (Expiry 31 December 2014, Exercise Price $0.05)

	Name of Option Holder	Number of Options Held	Percentage of Options Held
1	Alimold Pty Ltd	30,445,385	17.591%
2	Mr T Booth (Cedrus Libani Super Fund A/C>	12,000,000	6.933%
3	Mr T D Clarke	10,000,000	5.778%
4	MAPD Nominees Pty Ltd	9,384,876	5.422%
5	Ms A Kontkanen & Mr J Hildred <Super Duper Super Fund>	7,500,000	4.333%
6	Mr R W Waterhouse	5,350,000	3.091%
7	Najava Pty Ltd <Macintosh Super Fund A/C>	5,000,000	2.889%
8	Mrs V Chamala	4,000,000	2.311%
9	Northland Road Pty Ltd	4,000,000	2.311%
10	Mr A M Kelly	3,850,000	2.224%
11	F J D Investments Pty Ltd	3,850,000	2.224%
12	Four P Investment Company Ltd	3,846,153	2.222%
13	Mr A Mitchell <Nine Lives Investment A/C>	3,538,461	2.044%
14	Castlerock Capital Pty Ltd <Castlerock Capital A/C>	3,500,000	2.022%
15	Xtra Super Pty Ltd <Xtra Super A/C>	3,461,538	2.000%
16	Mr M B Herrman	3,150,000	1.820%
17	Mr R S Yeates & Mrs M J Yeates <The Yeates Family A/C>	3,076,923	1.778%
18	Mr S Van Es	3,000,000	1.733%
19	Salamander M Pty Ltd	3,000,000	1.733%
20	Ms R Price <The Wandering Moth A/C>	3,000,000	1.733%
	Total	**124,953,336**	**72.192%**

Additional Shareholder information continued

As at 13 September 2013

Listing of 20 largest listed option holders:- GGPOB (Expiry 31 December 2014, Exercise Price $0.02)

	Name of Option Holder	Number of Options Held	Percentage of Options Held
1	Elba Investments Pty Ltd <Elba A/C>	106,362,400	16.459%
2	Alimold Pty Ltd	80,000,000	12.379%
3	Fodemo Pty Ltd	75,000,000	11.606%
4	JP Morgan Nominees Australia Limited	43,747,328	6.769%
5	Camlex Pty Ltd	34,321,918	5.311%
6	Mr S W Tritton	31,454,200	4.867%
7	Highland Timbers Pty Ltd	28,000,000	4.333%
8	Novus Capital Nominees Pty Ltd <Nominees A/C>	25,211,071	3.901%
9	Ms K C Shearer	20,000,000	3.095%
10	Mr R W Waterhouse	15,000,000	2.321%
11	Waterox Pty Ltd <Tien Chai A/C>	10,000,000	1.547%
12	F J D Investments Pty Ltd	10,000,000	1.547%
13	Virtus Capital Pty Ltd	10,000,000	1.547%
14	Mr S Van Es	8,000,000	1.238%
15	Mr T D Clarke	7,298,417	1.129%
16	Earthrowl Superannuation Pty Ltd <Earthrowl Super Fund>	7,000,000	1.083%
17	M J R Gerrish & Mrs A Gerrish <Fairlight Super Fund A/C>	7,000,000	1.083%
18	Rossland Pty Ltd	5,000,000	0.774%
19	Supafaha Pty Ltd <Supafaha Super Fund A/C>	4,285,715	0.663%
20	Ms K Shearer	4,040,909	0.625%
	Total	**531,721,958**	**82.277%**

Tenement summary

Tenement	Working Interest
Producing Wells	
Dugas & Leblanc #3 well	15.00%
Hensarling #1	3.99%
Permian Project – SRH #1 well	100.00%
Permian Project – SRH #2 well	100.00%
Permian Project – SRH #3 well	100.00%
Permian Project – SRH #4 well	100.00%
Sugar Valley #1	12.00%
Louisiana Prospects	
Acadia (Option)	34.00%
Goliad (Option)	25.00%
Texas Prospects	
Permian	100.00%

Unlisted convertible securities

Description	On issue	No of Holders	Holders in excess of 20%
Series 1 Convertible Notes	6,000,000	1	Supafaha Pty Ltd – 6,000,000 notes
Series 2 Convertible Notes	4,120,000	1	Supafaha Pty Ltd – 4,120,000 notes
Series 3 Convertible Notes	18,600,000	5	Camlex Holdings Pty Ltd – 10,000,000 notes Bahrain Investments Pty Ltd – 5,000,000 notes
Convertible Security	1	1	The Australian Special Opportunities Fund, LP – 1 security

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