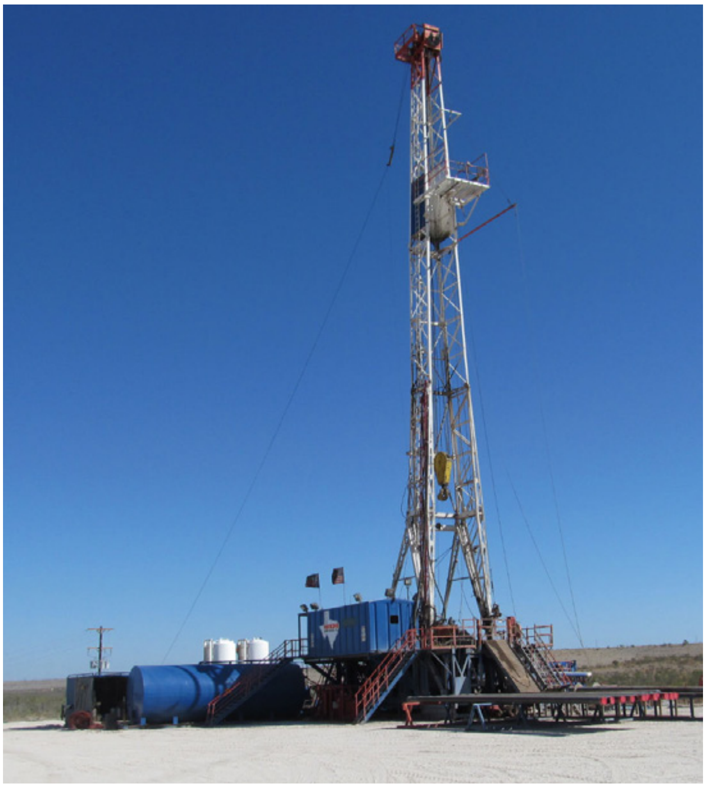
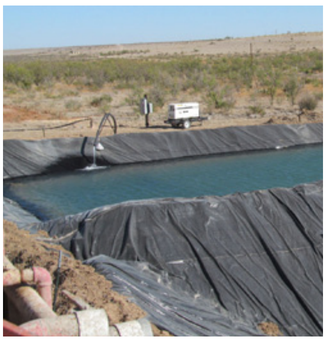




Golden Gate Petroleum Ltd

ABN 34 090 074 785

Annual Report 2012

GOLDEN GATE PETROLEUM LTD

CORPORATE DIRECTORY

DIRECTORS

Stephen Graves
Executive Chairman

Frank Petruzzelli
Non-Executive Director

Frank Brophy
Non-Executive Director

SECRETARY

Chris Ritchie

REGISTERED OFFICE

Golden Gate Petroleum LTD
(ABN 34 090 074 785)

566 Elizabeth Street
Melbourne, Victoria 3000
AUSTRALIA

Telephone: +61 3 9349 1488
Facsimile: +61 3 9349 1186
Email: admin@ggpl.com.au
Website: www.ggpl.com.au

HOUSTON OFFICE

800 Wilcrest Drive, Suite 214,
Houston, TX 77042

Telephone: +1 713 334 2830
Facsimile: +1 713 334 1830

SOLICITORS

Gilbert + Tobin

1202 Hay Street
West Perth, Western Australia 6005

AUDITORS

Grant Thornton Audit Pty Ltd

525 Collins Street
Melbourne, Victoria 3000
AUSTRALIA

SHARE REGISTRY

Advanced Share Registry Services

150 Stirling Highway
Nedlands Western Australia 6009

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

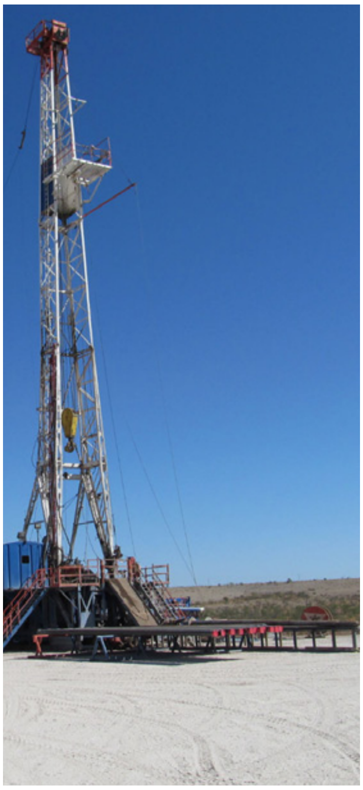
AUSTRALIAN SECURITIES EXCHANGE (ASX) CODE

GGP (Ordinary Shares)

> GGP

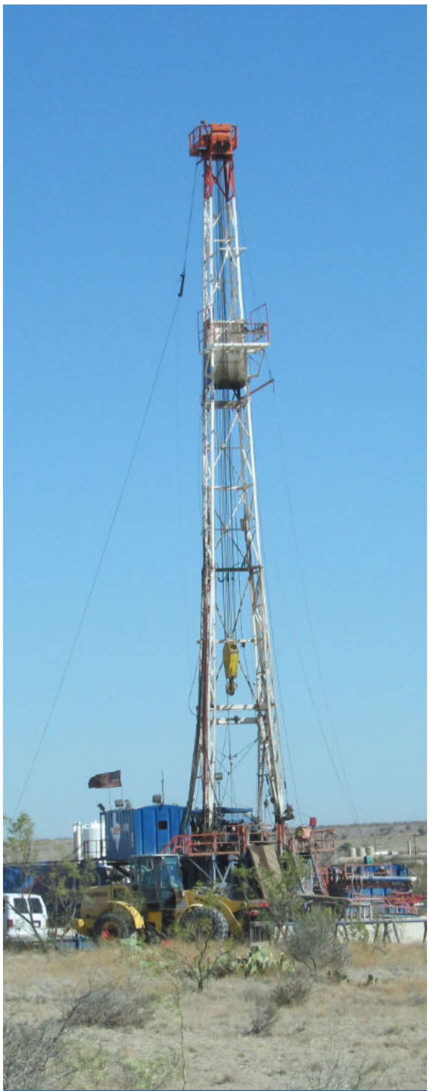
ASX CODE

FRONT COVER:
PHOTOS OF GOLDEN GATE'S
0PERATIONS AT THE PERMIAN
PROJECT


CONTENTS

Executive Chairman's Letter



Golden Gate now has two strong unconventional oil development projects in the heart of the most prolific hydrocarbon areas in Texas, the Permian Basin and Eagle Ford Shale.

Dear 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 2012.

The Company has made significant advances during the year, both in terms of operational activity and in implementing a strategy of developing a balanced asset portfolio involving low risk development projects with new, high return exploration prospects. In addition, Golden Gate has managed to leverage its position by both entering new oil projects on cost effective terms and selling or farming out less attractive interests in an overall move to "high grade" the Company's project portfolio.

Overall, Golden Gate now has two strong unconventional oil development projects in the heart of the most prolific hydrocarbon areas in Texas, the Permian Basin and Eagle Ford Shale. Extraction projects located in these areas are balanced by two already discovered conventional oil and gas producing properties as represented through the Bowtie and Napoleonville projects. The Company is adding low risk, high return projects that provide further potential for early cash flows to balance out the longer term unconventional oil projects.

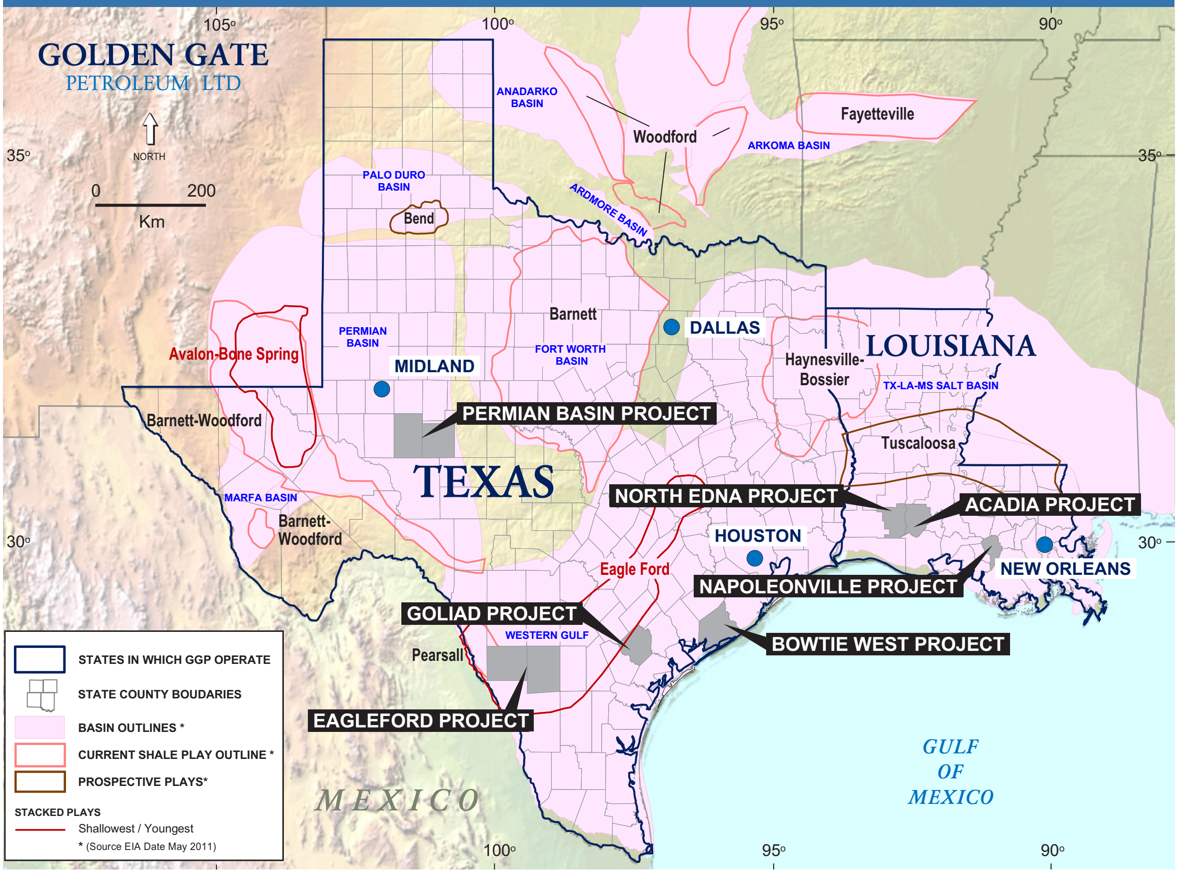
Our main accomplishments over the last year have been:

+ **Four new discovery wells have been drilled in our exciting Permian Project** which is the Company's largest single project operated and owned by Golden Gate. The development of this unconventional resource play has presented many challenges, especially with the size and increasing potential of the acreage position. The new large scale development opportunity in the Wolfcamp interval has been confirmed by our drilling activity and recent successes by other producers in the area;

+ **Two new discovery wells have been successfully drilled in the Cutlass Project (Eagle Ford)** where Golden Gate has a 10% working interest in a forty (40), horizontal well Eagle Ford program along with several other logged formations with added resource potential;

+ **Two new conventional discoveries have been recorded; one at Bowtie (Sugar Valley # 1) and a second at Napoleonville (Dugas & LeBlanc # 3).** The Napoleonville well (15% working interest) is on production and the Bowtie well (12% working interest) is expected to begin production prior to our AGM in November 2012;

+ **A successful farm out of our North Edna Project was achieved for a 11.20% working interest being retained and a first well carry. In addition, the sale of our Bullseye Project was accomplished.** Bullseye was coming to the end of the existing producing wells' commercial life. Both projects had been providing unsatisfactory returns for the Company;



+ **Our project slate has been expanded with the addition of the Acadia Project in Louisiana and the Goliad Project in Texas.** Both projects are low technical risk which offer very robust returns with quick cash flows upon success and will be instrumental in diversifying our overall well portfolio risk. A third project is also under consideration at the time of this report;

+ **The increase to our Houston operational staff** has brought engineering expertise in house for our unconventional development programs. It also complements our existing geologic, drilling and land team as we work closely with several groups, including Halliburton;

+ **Total barrels of oil ("BBL") production increased by 17%** from 26,306 BBL in 2011 to 30,699 in 2012; and

+ **Total sales revenues from production increased by 37%** from $2,698,372 in 2011 to $3,696,947 in 2012.

In order to implement our strategy, Golden Gate has conducted several capital raisings over the last year. The size and cost of our unconventional oil projects, including testing and analysis required for major horizontal drilling and completion programs, has meant significant equity raisings have been necessary. The impact on existing shareholders with any new equity raisings is acknowledged. However, the long term rewards from our projects are expected to provide significant returns above the short term capital implications to date.

Golden Gate has accomplished a significant amount over a short time frame. The Board is very grateful for the hard work and dedication of the management and staff.

The Board and I would like to thank the Shareholders of Golden Gate for their continued support in the past year as we put the past behind us and open a new chapter to start our future growth through the development of Golden Gate's balanced portfolio strategy. We look forward to providing more current and future successes to reward you for your patience and understanding.

Yours faithfully,

Stephen Graves
Executive Chairman

Review of Operations

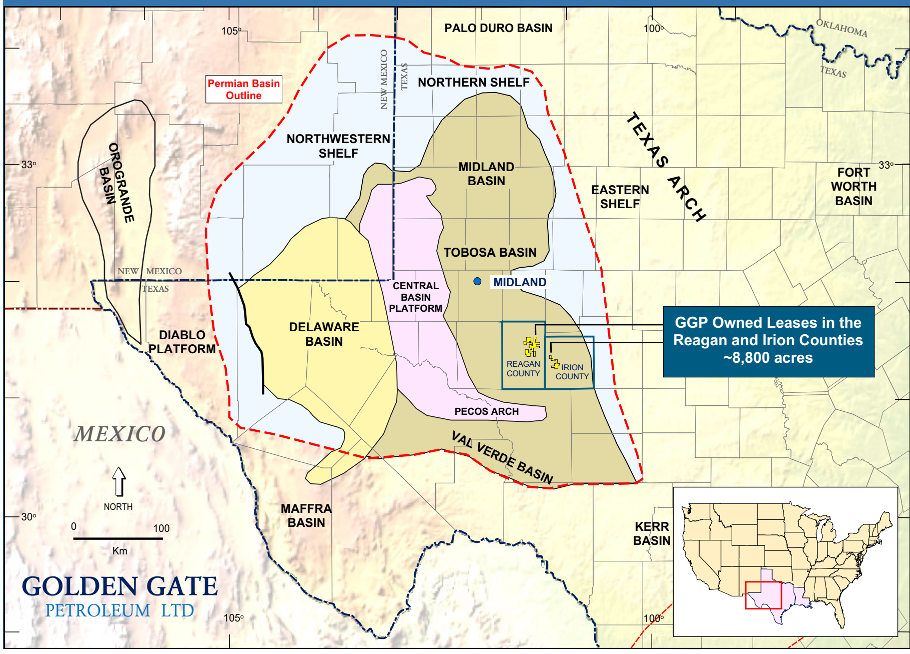
Company strategy

Golden Gate's strategy has involved transitioning from an explorer to a developer of onshore oil and gas properties in Texas and Louisiana. In addition, more comprehensive analysis of the Company's project portfolio has resulted in "high grading" the project list to increase returns while maintaining diversity to manage risks; including geological, operations and business uncertainties.

Project activity summary

+ 8 new discovery wells have been drilled in the last 12 months;
+ 3 new projects added to the Company's portfolio, involving: one new unconventional shale prospect in the Eagle Ford; and two conventional projects with low capital investment and high up-front cash flow return potential (Acadia & Goliad); and
+ 4 existing projects were either sold (Bullseye), farmed out (North Edna), suspended (Fausse Point) or ended (Padre Island).

Project	Status	WI %	Wells
Permian	Producing	100.00%	• SRH #1 – Discovery • SRH #2 – Discovery • SRH #3 – Discovery • SRH #4 – Discovery • SRH #5H – New Horizontal
Eagle Ford	Drilling	10.00%	• Cutlass West A #1 – Discovery • Cutlass East A #1 – Discovery
Bowtie West	Completion & Testing	12.00%	• Sugar Valley #1 – Discovery –Comes on Production October 2012
Acadia	New Project	34.00%	• First Well late 1st Quarter 2013
Napoleonville	Producing	15.00%	• Dugas Leblanc #3 – Discovery • 14-52 Well with 3.99%WI to spud October 2012
Goliad	New Project	25.00%	• First Well 1st Quarter 2013
North Edna	Farmed Out	11.20%	• Richardson #1 – Discovery(suspended) • New Well – By January 2013 (carried)
Bullseye	Sold	54.25%	• Jumonville #1 • Jumonville #2 • Acosta #1
Fausse Point	Suspended	18.00%	• TGR #1—Tested oil/gas but not commercial • Sidetrack – Unlikely to Participate
Padre Island	Plugged & Abandoned		• ST 212 • ST 949



The Permian Basin is one of the most active plays, not only in Texas but in the USA.

PERMIAN PROJECT

Reagan & Irion Counties, Texas, USA, Operator, 100% WI

The Company completed the purchase of the four leaseholds totalling 8,806 gross acres in Reagan and Irion Counties in March 2011 and has continued to develop the leasehold position over the 2011/12 financial year. The Permian Basin is one of the most active plays, not only in Texas but in the USA. The Company's acreage is in the heart of the extensive drilling activity taking place in the area.

The onshore Permian Basin in Texas, USA has a long history of oil exploration and development and has received renewed interest from both capital providers and industry participants. There has been a fivefold increase in rig activity in the area since the middle of 2009, where currently there are approximately 530 wells in operation.

The Company's initial activities have included a detailed study of the leases, the depths and intervals included in each lease and determining the optimal strategy to maximize the development of the oil and gas potential of each lease and interval. Research has been done into the various fracture stimulation programs offered by Halliburton and others in order to maximise the eventual production at the lowest cost.

Concurrently, the Company began investigating new industry approaches to hydrocarbon extraction including horizontal drilling where vertical well design was not available or practical.

Following these activities the Company was able to elect the initial drill sites on the acreage positions where all the geologic intervals were under lease and where the most flexible approach to development was possible. Surveying of the initial two drill sites and the associated permitting was completed soon after.

Drilling commenced on the SRH #1 well in Reagan County on 7 October 2011 and the well was drilled to a depth of 9,200 feet to allow the Company's technical team to use our initial well as a test well in order to closely examine the various intervals including the Upper and Middle Spraberry, multiple Wolfcamp intervals and the Strawn interval.

On 21 October 2011, the Company announced that the SRH #1 well was an oil and gas discovery. Electric logs were run and eight pay intervals ranging from 5,220 feet to 9,176 feet were identified. There was over 130 feet of conventional oil sand along with approximately 1,600 feet of rich oil shales interspersed amongst those sands which were identified for testing and fracture stimulation.

The SRH #2 well was spudded on 23 October 2011.

On 7 November 2011, the Company announced that the SRH #2 well was an oil and gas discovery. The well had been completed to a total depth of 9,200 feet and log analysis had indicated over 60 feet of conventional oil sand along with more than 1,250 feet of rich oil shales, which is the primary target in this shale play.

The SRH#2 well was estimated from log interpretations to contain approximately 202,000 barrels of recoverable oil from sand and shales. Seven pay intervals were identified from 5,474 feet to 9,321 feet. The kerogen rich shales were showing a large percentage of brittle shales that are excellent frac candidates. Along with the high rich gas shows, the recovery rates per acre foot are expected to be higher than the SRH #1 well.

On 14 November 2011, the Company announced that the SRH#1 well had commenced a limited fracture stimulation program by Halliburton that would be focused on running an extensive testing of the Wolfcamp and Cline intervals.

By 30 November 2011, the SRH #1 well had commenced to unload the 12,750 barrels of frac fluid used for the stimulation program. Approximately 1,800 barrels had been recovered under the well's own pressure prior to an electric submersible pump being installed to complete the removal of the frac fluid. Oil and gas had been flowing to the surface with the frac fluid, well in advance of any expected hydrocarbon returns.

The SRH #3 well was spudded on 10 December 2011 and was drilled to a total depth of 9,400 feet. Additionally, the SRH #2 well had successfully completed the hydraulic fracturing of the Wolfcamp intervals.

The SRH #4 well was spudded on 23 December 2011 and was drilled to a total depth of 9,450 feet. This well is up-dip to the earlier wells and was drilled through a new interval not tested in the first three wells.

On 24 January 2012, the Company advised that prior to being placed back on production the SRH #1 well would be adding perforations across the fractured intervals as part of its normal follow up subsequent to the "limited entry" fracture stimulation program. The SRH # 1 well was continuing to be used as a test well along with the SRH # 2. Only the Wolfcamp and deeper intervals were fracture simulated. In many cases, individual horizons were isolated so as to test production.

As a result of the Company's testing program a new productive lower Wolfcamp interval, often referred to as the Cline Shale, was tested. None of the surrounding wells on adjacent acreage had drilled deep enough or have tested the Cline Shale. The initial test results were very encouraging and made this interval a potential candidate for its own horizontal drilling program.

During the second half of the financial year, the Company continued to investigate completion techniques, fracture stimulation results and monitor production from the Wolfcamp intervals using the SRH #1 well. The SRH #2 well was used to individually test the Wolfcamp and Cline intervals and has been prepared for a further five stage fracture stimulation program in the Spraberry and Dean intervals.

The SRH #4 well was drilled deeper to test the Strawn interval and once testing had been completed the well successfully underwent an eight stage fracture stimulation program. The Strawn and Cline intervals have been isolated for evaluation of further development.

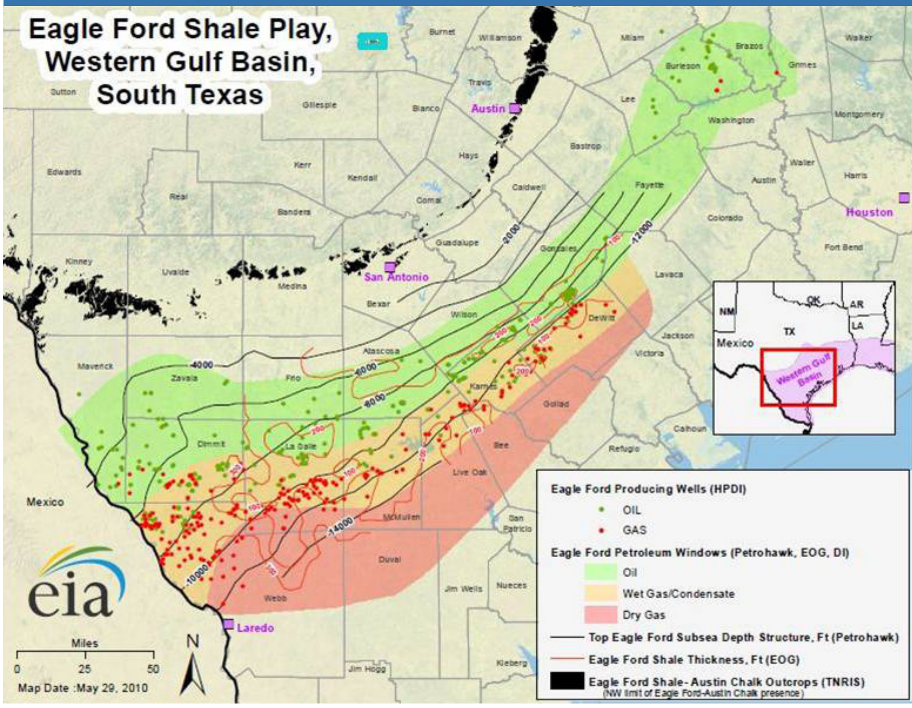
The second half of the financial year also involved a substantial amount of work involved in the planning and permitting of the Company's first horizontal well, the SRH #5H well. The well is expected to have up to a thirty stage fracture stimulation program (compared with six or seven stages for the vertical wells).

The Company has evaluated the possibility of utilizing various new technologies for fracture stimulation. These new technology significantly reduce the costs for each fracture stimulation stage. The initial planning had concluded that there was the possibility of drilling a significant number of wells on the Company's acreage through a mixture of vertical and horizontal wells. Through the Company's sustained detailed testing program it is now estimated that there may be up to four intervals that can be horizontally drilled and fracture stimulated. If only three intervals are developed with horizontal drilling, and vertical wells fill in locations not suitable for horizontal wells, a targeted well count estimate remains close to initial planning estimates.

Production for the year through 30 June 2012 was:

Well	Oil	Gas*
	BBL	MCF
SRH #1	2,379	5,555
SRH #2	4,118	12,403
SRH #3	3,783	15,481
SRH #4	734	1,446
Total	**11,014**	**34,885**

*Includes condensate from Dugas and LeBlanc #3 well



The depth of the Eagle Ford shale in this area is around 8,200 feet with a shale thickness of approximately 175 feet.

EAGLE FORD SHALE PROJECT

Cutlass West A #1 well, Dimmit and LaSalle Counties, Texas, Non-Operator, 10% WI

On 29 March 2012, the Company entered into a participation agreement for up to a 10% working interest in a 40+ horizontal development well project in the Eagle Ford Tend. The operator and prospect promoter estimate resource potential of 15 million barrels of oil equivalent (BOE) gross (net approximately 1.5 million barrels to the Company).

The depth of the Eagle Ford shale in this area is around 8,200 feet with a shale thickness of approximately 175 feet. There are approximately 42 potential drilling locations on 80 acre spacing, well costs are estimated at US$7.5 million, with a drilling time of three weeks per well. After the data from the first two wells are gathered, the data will be used to complete the design program. The lateral length of the horizontal well is planned for 4,500 feet and is expected to contain 12 to 16 frac stages.

Based on producing wells in the area, the initial production rates may range from 600 BOE per day to 1,300 BOE per day. The estimated recovery per well is in the 362,000 BOE to 500,000 BOE range.

The Company will be paying its proportionate share of all costs plus a two or three well promote (approximately 11.1% for a 10% working interest).

Drilling commenced at the Cutlass West A #1 well on 29 April 2012. The well was drilled to a total vertical depth of 8,771 feet. The well drilled through the Eagle Ford and Edwards formations. Whole cores were taken in various horizons along with an extensive suite of logs. Numerous oil and gas shows were recorded while drilling and confirmed from logging. The well was then plugged back to the Eagle Ford formation and the horizontal section drilled. The well was then cased in preparation for fracture stimulation.

Cutlass East A#1 well Dimmit and La Salle Counties, Texas, Non-Operator, 10% WI

The Cutlass East A#1 well reached total vertical depth of 9,203 feet on 29 July 2012 and is currently taking core samples as it gathers important data for the horizontal drilling program.

Partners in the Eagle Ford Shale Project:

Company	Working Interest
Golden Gate Petroleum Ltd.	10%
Other Partners	90%

Review of Operations (cont'd)

BOWTIE WEST PROJECT

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

The Sugar Valley #1 well was 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 Bowtie West project is estimated to have prospective resources, estimated by the operator prior to drilling, of 30 billion cubic feet of gas for the primary target only, using a high-side resource calculation basis and approximately 540,000 barrels of oil assuming a gas/oil ratio reported in the down-dip well which produced from the same structure in the early 1970's.

While the well was cleaning up and displacing completion fluid, the Company announced, on 27 July 2012, the initial production testing rate on a 14/64th inch choke tested up to 3.2 million cubic feet of gas per day and 31.2 barrel of 48 gravity oil per day.

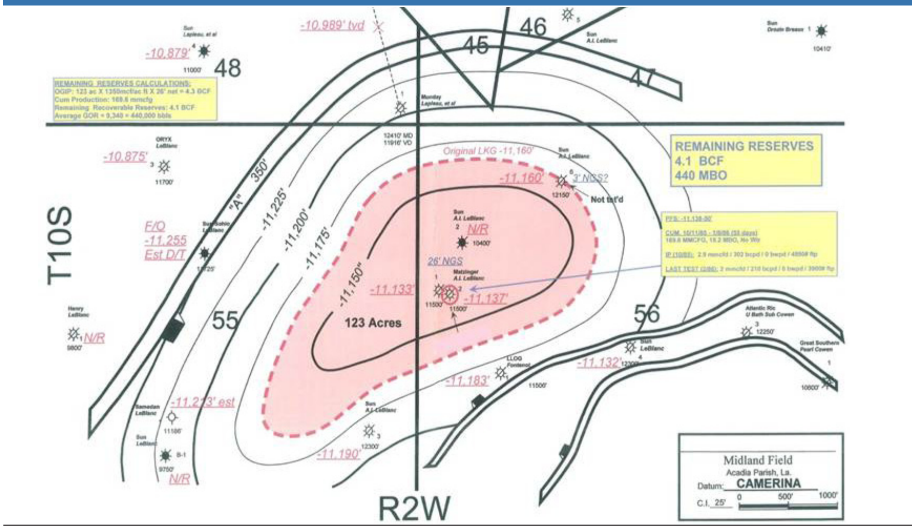
During the second half of the financial year the Company increased its working interest position from 10% to 12%, by exercising an option right over the additional working interest.

A backlog of completion work by the operator has meant that there has been a delay in connecting the well via a short gas pipeline. The Company has been advised that the pipeline is expected to be completed in October 2012 and the Sugar Valley # 1 will be put on production.

Partners in the Bowtie West Project are:

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

The Bowtie West project is estimated to have prospective resources, estimated by the operator prior to drilling, of 30 billion cubic feet of gas for the primary target only, using a high-side resource calculation basis and approximately 540,000 barrels of oil.



A fixed price turnkey well and completion program for US$3.0 million has been negotiated in drilling the 11,500' test of the Camerina interval

ACADIA PROJECT

**Midland, Louisiana,
Operator, 34% WI**

During June 2012 the Company acquired a 34% working interest in the Acadia Project. To earn into the project and pay back earlier costs, the Company will pay 45% of the costs to drill the well in order to earn a 34% working interest in the project. The promoter has estimated the resource potential at 446,000 barrels of oil and 4.1 billion cubic feet of gas. It is expected that one well will drain the structure. The Company will be the operator.

The new well will twin an abandoned well that produced for over sixty (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 negotiated in drilling the 11,500' test of the Camerina interval. All leasehold hold positions are paid up for the next year.

Partners in the Acadia Project are:

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

NAPOLEONVILLE PROJECT

**Dugas & Leblanc #3 well, Assumption Parish,
Louisiana, Non-Operator, 15.0% WI**

The Dugas and Leblanc #3 well was placed on production on 19 July 2011 at an initial rate of 1,500 mcf per day in the 10 foot "Stray B" sand on a 10/64th inch choke. By the end of July 2011, production rates had increased to over 4,000 million cubic feet per day on a 16/64th inch choke. In addition, the well was producing 30 – 35 barrels of oil per day with no water production.

By September 2011, the well had produced approximately 162 million cubic feet of gas and 1,050 barrels of condensate. The partners then elected to temporarily suspend production to test the primary objective the "M" sand.

Following a reserve review by our partner Grand Gulf Energy Ltd, the estimated hydrocarbon potential in the "M" sand was:

	Oil (BBL)	Gas (MCF)
Projected Recoverable Resource.	400,000	1,200,000

On 18 October 2011, the "M" sand was successfully perforated and placed on production. The well had initial flow rates of 160 barrels of oil per day and 1,150,000 cubic feet of gas per day from a 9/64th inch choke. The well was then opened up and has been flowing around 300 barrels of oil per day plus gas.

Oil production for the year was:

	Production	GGP Share
Well	**BBL**	**BBL**
Dugas & Leblanc #3	80,559	10,757
Total	**80,559**	**10,757**

Gas production for the year was:

	Production	GGP Share
Well	**MCF**	**MCF**
Dugas & Leblanc #3	409,322	61,398
Total	**409,322**	**61,398**

Partners in the Dugas & Leblanc #3 well are:

Company	Working Interest
Golden Gate Petroleum Ltd.	15.3%
Grand Gulf Energy Ltd	39.4%
Other Partners	45.6%

On 13 January 2012, the Company announced that it had completed a partial farmout of its interests at the Napoleonville Salt Dome to a private US onshore oil and gas company. The terms of the farmout were:

+ Seismic data will be reprocessed and re-interpreted at no cost to the Company;
+ The new partner will have 6 months from receipt of the seismic data to propose a deep well targeting the prospective Marg Vag/Cib Haz structure and will then have a further 3 months to propose a second Marg Vag/Cib Haz well, with both wells to be drilled by 31 March 2013; and
+ The Company will retain a carried interest of between 4.707% and 3.75% working interest in the eventual wells that will be drilled under this agreement.

The farmout provides the Company with a dedicated partner who has significant and specific geological and geophysical expertise warranted for a project of this size and complexity.

The successful farmout which achieved a fully carried position, allows the Company to dedicate its resources to the development of the Permian project.

14-52 well
Assumption Parish,
Louisiana, Non-Operator, 3.99% WI

The Company maintains a 3.99% working in the 14-52 well. This well is to commence drilling operations in October 2012.

All leases have been secured for the prospect and it is targeting an accumulation of oil in a well-defined up-dip block from an interval that produced 2.3 million barrels of oil equivalent. According to Grand Gulf Energy Ltd, the prospect is likely to contain between 600,000 to 800,000 barrels of oil and represents a low risk drilling opportunity.

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

The Operator and working interest partner's insurers have paid all costs toward the blowout of the Dugas & Leblanc #1 well. The Company has paid its deductible to its own insurers and does not expect any further exposure.

GOLIAD PROJECT

Goliad County, Texas, Operator, 25% WI

The Company announced in August 2012 that it had acquired 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 1.5 million cubic feet of gas per day and 450 barrels per day of condensate pre-frac. Initially two (2) wells will be drilled with the possibility of subsequent development.

The first well is expected to be drilled in the first half 2013 at a cost of approximately US$3 million which is less than originally estimated due to a change in the drilling plan for the well.

Partners in the Goliad Project are:

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

In June 2012, the Company sold its 85% working interest and received US$120,000 in cash and an 11.20% working interest in the project

NORTH EDNA PROJECT

Jefferson Davis Parish, Louisiana,
Non-Operator, 11.20% WI

The Richardson #1 well was shut-in during June 2011 and most partners in the project elected to exit the project. The Company increased its working interest to 85% and continued to assess a number of options for this project.

In June 2012, the Company sold its 85% working interest and received US$120,000 in cash and an 11.20% working interest in the project plus a carried working interest in the initial well to casing point drilled by the purchaser. This well is expected to commence drilling operations by 15 January 2013 as per the agreement by the new operator.

The Richardson #1, the discovery well, was drilled in Jefferson Davis Parish, Louisiana in September 2010 and produced 5,400 bbls of oil before production ended due to high water volumes. A new up-dip target 1,200 feet northwest of Richardson #1 has been identified in the Vicksburg Sand with a potential reserve of 2 million barrels of oil.

Partners in the North Edna Project:

Company	Working Interest
Golden Gate Petroleum Ltd.	11.20%
Other Partners	88.80%

BULLSEYE PROJECT

Jumonville #1 & Jumonville #2 wells
Iberville Parish, Louisiana, Operator, 54.25%

The Jumonville #1 and #2 wells continued to produce from the Miogyp formation during the 2011/12 financial year.

The wells continued to decline in production and in August 2012 the Company announced, as part of its project portfolio review, that it had sold its working interest in the Bullseye prospect including Jumonville #1, Jumonville #2, Acosta #1 (water disposal well) and the associated storage infrastructure. The sale had the economic effect as of 1 June 2012 and relieved the Company of the future plug and abandonment costs and the remediation costs of returning the surrounding woodlands area back to pre-drilling status.

Oil production for the year was:

	Production	GGP Share
Well	**BBL**	**BBL**
Jumonville #1	4,490	2,436
Jumonville #2	11,967	6,492
Total	**16,457**	**8,928**

Gas production for the year was:

	Production	GGP Share
Well	**MCF**	**MCF**
Jumonville #1	6,255	3,393
Jumonville #2	9,445	5,124
Total	**15,700**	**8,517**

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

Jumonville #4 (Huth) well
Iberville Parish, Louisiana, Operator, 21.0% WI

The Company drilled a new well, Jumonville #4 as part of the Shallow Laurel Ridge (Huth) prospect at Bullseye. The well was spudded on 31 December 2011 and was to test the 10,100 feet Huth sands as an offset to the Jumonville #2 well. The Jumonville #2 well had previously logged five feet of net oil pay carrying 20 ohms of resistivity.

The well reached total depth on 16 January 2012 and electric logs were run. It was determined following log analysis that the targeted Huth sand was wet. While the Jumonville #4 well was only 115 feet away and 14 feet down dip from the previously logged pay in the Jumonville #2 well, the logs indicated very low resistivity and no indication of faulting between the two wells.

As a consequence of the log analysis, the well was plugged and abandoned.

FAUSSE POINT PROJECT

TGR #1 well side-track, Iberia Parish, Louisiana, Operator, 18%WI

The original TGR #1 well recorded hydrocarbon shows over multiple intervals. Testing of these intervals did not result in a commercial discovery. Based on the significance of the test results of the TGR#1 discovery well, the commitment was made by the partners to continue an overall prospect evaluation and do some reprocessing of 3D seismic. Based on new analysis, a side-track from the TGR # 1 well was proposed that targeted a potential 200 acre gas accumulation. Given the large working interest position of one of the partners, the Company was advised that the proposed side-track well would need to be partially farmed out.

The current conclusion is that the drilling and geologic risks of the proposed side track well are too high when compared to Golden Gate's current project portfolio. As a consequence, Golden Gate has decided to withdraw from the project and concentrate on its other projects where commercial success is more likely. A separate shallow oil target at approximately 3,000 feet was also identified from the reprocessed 3D seismic. Leases for the targeted area were obtained. The lengthy task of obtaining a drilling permit in a wetlands area under new guidelines since the off shore BP spill was started but was determined that permitting costs made the prospect uneconomic.

Partners in the Fausse Point Projects are:

Company	Working Interest
Golden Gate Petroleum Ltd.	18%
Verus Investments Ltd (ASX:VIL)	72%
Other Partners	10%

PADRE ISLAND PROJECT

Padre Island, Texas, Operator

During the second half of the year the Company completed the plug and abandonment of the ST212 well. In September 2012, the ST949 has also been plugged and abandoned on Padre Island. Final site clean-up of the ST949 is underway. Once the work is completed the Company will request the return of the Federal and State government performance bonds for both wells.

The completion of this work will end the Company's involvement in the Padre Island project.

CORPORATE

In July 2011, the Company signed a term sheet in regard to a $15 million three year equity financing facility with Roswell Capital Partners, based in Atlanta, Georgia USA. Subsequently the Company elected not to pursue this facility due to a change in market conditions.

On 13 September 2011, shareholders at a General Meeting ratified a previous issue of convertible notes to the value of $1.51 million and also approved a capital raising from a private placement to professional and sophisticated investors of up to $2.5 million.

On 4 November 2011, the Company completed a $3.1 million placement with professional and sophisticated investors at an issue price of 1.5 cents.

On 30 November 2011, the Company held its Annual General Meeting in Sydney, Australia. All resolutions were passed on a show of hands, including the adoption of a new Constitution.

On 5 January 2012, the Company completed a $1.47 million placement with professional and sophisticated investors at an issue price of 1.7 cents.

On 13 January 2012, The Company completed agreements with professional and sophisticated investors to raise $2.1million in convertible loans. The loans converted to convertible notes upon the Company's refreshing its placing ability at a general meeting of shareholders in January 2012.

In February 2012, the Company entered into a non-binding Letter of Intent with Terrace Energy, a TSX listed company for Terrace Energy to acquire a 50% working interest in the first four vertical wells and an option to participate as a 50% partner in the development of the remainder of the Permian project. Terrace Energy elected not to proceed prior to commencing due diligence.

On 19 March 2012, the Company concluded an Entitlement Issue to shareholders at 1.7 cents per share to raise approximately $4.5 million.

In June 2012, the Company raised $2.3 million through a private placement with professional and sophisticated investors at 1.3 cents and has a best endeavours commitment to raise a further $600,000 upon shareholder approval at a General Meeting which was held on 19 September 2012.

During the year the Company committed substantial resources towards defending a legal action concerning the Permian project.

A party to a previous agreement with a subsidiary of Arturus Capital Limited in connection with the Permian Basin leases have enjoined the Company in an action to enforce an option agreement previously entered into by a subsidiary of Arturus Capital Limited with the party prior to the sale of the leaseholds to the Company. The agreement would entitle the party to a 25% back-in to the project (after all costs are recovered) and operatorship of the project. The Company strongly believes that the option agreement does not transfer with the acquisition of the leases. The Company has in place an indemnity provided by Arturus Capital Limited against the actions by the party.

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 is based on information compiled by Mr. Mickey McGhee, a geologist with over 30 years' experience within the oil and gas sector and an extensive background in the Permian Basin, Mr George Placke, a petroleum engineer with over 30 years' experience within the oil and gas sector and an extensive background in Texas and the Permian Basin or Mr Mark Decker a geologist with over 34 years relevant experience within the oil and gas sector.

Directors' Report

The directors of Golden Gate Petroleum Ltd ("Golden Gate" or "the Company") present their report and the financial report of Golden Gate and the entities it controlled ("the Consolidated Entity") at the end of, or during the year ended 30 June 2012. The financial report was authorised for issue by the directors on 28 September 2012. The Company has the power to amend and reissue the financial 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 30 years in the oil and gas industry both in Australia and overseas. Most recently Mr Graves was Executive Chairman of Orchard Petroleum Ltd. Orchard 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. Mr Graves worked for Mobil Corporation and affiliated companies for twenty three 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 on any other listed companies.

Frank Petruzzelli B.Bus (Acc), FNTA, PNA (Non-Executive Director)
Mr Petruzzelli is a principal of MDB & Co, an Australian accounting firm and has been a director of the Company since May 2001. 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)
Mr Brophy is a geologist with more than 45 years 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 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.

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	9,214,916	-	-	-	-
Frank Petruzzelli	13,337,888	-	-	-	-
Frank Brophy	-	-	-	-	-

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	4	4
Frank Petruzzelli	4	4
Frank Brophy	4	3

A – Number of meetings attended

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

2. OPERATING AND FINANCIAL REVIEW

Overview of the consolidated entity

The Company had an extremely active year with drilling undertaken at Bullseye, Napoleonville, Permian, Bowtie West and the Eagle Ford projects. The Company continued its diversification strategy by entering into the Eagle Ford shale project. The acquisition of the Permian leaseholds and investment in the Eagle Ford has enabled the Company to develop a balanced portfolio of development and exploration projects.

The Company currently has 6 active projects. Napoleonville is in commercial production and the Permian project has completed the initial testing phase and will gradually place the four vertical wells on commercial production as their fracture stimulation programs are completed. Fausse Point, North Edna (through an 11.2% free carry on the next well), Bowtie West and Eagle Ford are in various stages of development.

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

	WI	Completion	Status
Louisiana			
Jumonville #4 (Huth)	26.00%	Jan 2012	Dry Hole, plugged & abandoned
Dugas & Leblanc #3	15.00%	Oct 2011 (M Sand)	On Production
Texas			
SRH #1	100%		Awaiting final frac program
SRH #2	100%		Awaiting final frac program
SRH #3	100%	Jan 2012	On limited production through testing
SRH #4	100%	Jan 2012	On limited production through testing
Sugar Valley #1	12%		Discovery
Cutlass East A#1	10%		Discovery
Cutlass West A#1	10%		Discovery

The consolidated net loss for the economic entity for the year ended 30 June 2012 was $4,766,272 (2011: $7,256,120).

The major contributor to this result was the impairment write-downs on its exploration and development assets totalling $3,272,784 (2011: $5,961,206).

Revenue from sales increased from $2,698,372 in 2011 to $3,696,947 in 2012 an increase of 37%. Gross Margin % decreased from 25% in 2011 to 17% in 2012 as a result of the decline in operations at the Bullseye project and the start-up of operations at the Dugas & Leblanc #3 well and the Permian project.

The Company's share of oil production increased from 26,306 BBL to 30,699 BBL, an increase of 17%. Gas production increased from 40 mmcf to 105 mmcf, an increase of 163%. The initial condensate production from the Permian project was 201,522 gallons. The increase in production was as a result of the successful drilling program at Napoleonville and successful test drilling program in the Permian project, with the limited production from the SRH#1, SRH#2, SRH#3 and SRH #4 wells.

Total Assets have increased from $13,775,420 in 2011 to $25,614,281 in 2012, an increase of 86%. Net Assets have increased from $10,503,018 in 2011 to $18,578,484 and increase of 77%. At balance date the Company has current liabilities in excess of current assets of $778,059. This is due to the maturity date of the convertible notes currently on issue. The Company expects to be able to extend the maturity date of the convertible notes and / or the convertible notes will convert prior to the maturity date.

During the year the Company raised a total of $12,292,378 in cash through the issue of equity and $2,670,000 through the issue of convertible notes to assist with the working capital requirements of its development and exploration program.

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.

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. Management has assembled a strong technical team based in Houston, Texas. 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 Basin, Eagle Ford, Napoleonville, Bowtie West and North Edna prospects, targeting 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 suit the predetermined criteria set by the board.

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 but very high potential future value.

Performance indicators

The board and management team work together in establishing strategic plans and annual 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 increased. 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 year ended 30 june	2012	2011	2010	2009	2008
Oil (BBL)	30,699	26,306	58,624	44,607	8,067
Gas (MMCF)	105	40	106	590	1,218
Condensate (Gal)	201,522	-	-	-	-
Sales Revenue (AUD$)	3,696,947	2,698,372	5,812,483	8,366,982 *	12,505,972

*Includes revenue from discontinued operations

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 2012 totalled $4,766,272 (2011: $7,256,120).

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 2012 was 0.26 (2011: 0.61) cents per share.

8. EMPLOYEES

At the end of the year, the Company had seven full time employees (2011: three).

9. SHARE OPTIONS

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

Un-issued Shares
As at the date of the report, there were no un-issued ordinary shares under 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

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. 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 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 group for the financial year 30 June 2012 after income tax amounted to $4,766,272 (2011: $7,256,120). 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 coming 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.

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.

	2012	2011	2010	2009	2008
Product sales revenue	3,696,947	2,698,372	5,812,483	8,270,213	12,505,972
Net loss attributable to members of Golden Gate Petroleum Ltd	4,766,272	7,256,120	15,208,084	7,328,493	23,962,999
Basic EPS (cents)	(0.26)	(0.61)	(2.58)	(2.81)	(10.81)

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 2012, the closing share price was at 1.2 cents per share. The decline in share price is a concern to the board but is not considered abnormal for a junior oil & gas explorer such as Golden Gate Petroleum Ltd. 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.

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)
Frank Petruzzelli	Non-Executive Director (appointed 30 June 2003)
Frank Brophy	Non–Executive Director (appointed 1 November 2009)

(ii) Other key management personnel

Chris Ritchie	Chief Financial Officer / Company Secretary (appointed CFO 12 July 2010, Company Secretary 1 January 2012)
Chris Bowyer	Company Secretary (resigned 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 benefits and no notice period are specified; and
+ Monthly salary of US$40,000 was paid (2011: US$40,000 per month).

Frank Petruzzelli, Non-Executive Director:

+ Annual non-executive fees of $60,000 were paid or payable (2011: $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; and
+ Mr. Petruzzelli is subject to re-election as a director in accordance with the constitution.

Frank Brophy, Non-Executive Director

+ Annual non-executive fees of $45,000 were paid or payable. (2011:$45,000); and
+ Mr. Brophy is subject to re-election as a director in accordance with the constitution.

Chris Ritchie, Chief Financial Officer

+ Annual remuneration of $179,791 was paid or payable (2011: 154,674).

Retirement benefits

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

C. Details of remuneration

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

	Salary & Fees $	Short-Term Non Monetary Benefits $	Cash Bonus $	Post Employment Super-annuation $	Termination Payments $	Share- based payments Options (i) $	Total $	Options as % of Total
Key Management Personnel – Directors and Executives								
Sam Russotti, Non-Executive Chairman (resigned 31 January 2011)								
2012	-	-	-	-	-	-	-	-
2011	36,276	-	-	2,890	-	-	39,166	-
Stephen Graves, Executive Chairman (ii)								
2012	463,872	-	-	-	-	-	463,872	-
2011	487,012	-	-	-	-	-	487,012	-
Frank Petruzzelli, Non-Executive Director (iii)								
2012	60,000	-	-	-	-	-	60,000	-
2011	124,587	-	-	413	-	-	125,000	-
Frank Brophy, Non-Executive Director								
2012	45,000	-	-	-	-	-	45,000	-
2011	45,000	-	-	-	-	10,000	55,000	18.2%
Chris Bowyer, Secretary (iii) (resigned 1 January 2012)								
2012	30,000	-	-	-	-	-	30,000	-
2011	64,166	-	-	-	-	-	64,166	-
Chris Ritchie, Chief Financial Officer & Company Secretary (iii)								
2012	155,918	5,693	10,000	8,180	-	-	179,791	-
2011	150,000	4,674	-	-	-	-	154,674	-
Total 2012	**754,790**	**5,693**	**10,000**	**8,180**	**-**	**-**	**778,663**	
Total 2011	**907,041**	**4,674**	**-**	**3,303**	**-**	**10,000**	**925,018**	**1.1%**

There was no performance based remuneration received during the year by directors. On 30 November 2011, Mr Ritchie received a performance based cash bonus of $10,000. Options were issued to key management personnel as noted in the table above during the previous year.

(i) Options issued were not subject to performance conditions. The options are exercisable at a premium to the share price when issued, and provide an incentive for the directors and executives to strive for growth in the Company's assets.

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

(iii) MDB Taxation & Business Advisors Pty Ltd provided the consulting services of Frank Petruzzelli, Chris Bowyer and Chris Ritchie (from 1 July 2011 to 30 November 2011). Mr Ritchie was a full time employee of the Company from 1 December 2011 to 30 June 2012.

D. Share based compensation

Details of the share based remuneration of the directors and the key management personnel of the Company are set out in the following table. The options were issued to a director as part of his remuneration and as incentive options to increase goal convergence between directors and shareholders. The options were granted for no consideration. Options carry no dividend or voting rights.

The value at grant date is calculated in accordance with AASB 2- Share based payment. The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the ASX market price for the Company's listed options on the date the options were granted. The fair value per option at grant date was $0.005.

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.

2012 Granted or Vested		Terms & Conditions						Vested	
Directors	No. Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No. Vested	%
S Graves	-	-	-	-	-	-	-	-	-
F Petruzzelli	-	-	-	-	-	-	-	-	-
F Brophy	-	-	-	-	-	-	-	-	-
C Ritchie	-	-	-	-	-	-	-	-	-
C Bowyer	-	-	-	-	-	-	-	-	-

2011 Granted or Vested		Terms & Conditions						Vested	
Directors	No. Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No. Vested	%
S Graves	-	-	-	-	-	-	-	-	-
S Russotti	-	-	-	-	-	-	-	-	-
F Petruzzelli	-	-	-	-	-	-	-	-	-
F Brophy	2,000,000	18-Nov-2010	$10,000	$0.08	31-Aug-2012	18-Nov-2010	31-Aug-2012	2,000,000	100%
C Ritchie	-	-	-	-	-	-	-	-	-
C Bowyer	-	-	-	-	-	-	-	-	-

2012 Granted or Vested			
Director	Value of options granted during the year	Value of options exercised during year	Value of options lapsed during year
S Graves	-	-	-
F Petruzzelli	-	-	-
F Brophy	-	-	-
C Ritchie	-	-	-
C Bowyer	-	-	-

2011 Granted or Vested			
S Graves	-	-	-
S Russotti	-	-	-
F Petruzzelli	-	-	-
F Brophy	$10,000	-	-
C Ritchie	-	-	-
C Bowyer	-	-	-

No options were exercised by directors or executives for shares in the Company during 2011 or 2012.
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 2011 or 2012.

End of Remuneration Report (Audited)

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:

On 22 July 2011, the Company announced that it had signed a term sheet for a $15,000,000 three year equity funding facility with a USA based institutional investor. The Company subsequently declined to formally enter into an agreement due to a change in market conditions.

On 10 October 2011, the Company commenced drilling at its Permian project. Four wells were drilled during the year and these wells were subsequently used as test wells in preparation for the first of the Company's horizontal wells.

On 4 November 2011, the Company completed a private placement with sophisticated and professional investors which raised $3,099,690 (before costs) upon the issue of 206,645,999 shares and 137,763,999 free attaching options.

On 14 December 2011, the Company announced that it was proceeding with a capital raising program of $7,000,000 to continue the development of the Company's oil and gas assets, principally at the Permian project. The capital raising consisted of a private placement of 85,000,000 shares at an issue price of 1.7 cents with professional and sophisticated investors to raise $1,450,000 (before costs). A further placement of 58,823,529 shares with professional and sophisticated investors at an issue price of 1.7 cents to raise $1,000,000 (before costs) and a 1:7 Entitlement Issue to existing shareholders which issued 263,850,384 shares at an issue price of 1.7 cents to raise $4,500,000 before costs.

On 13 January 2012, the Company announced that it had executed agreements with professional and sophisticated investors to issue 42,000,000 convertible notes with a face value of 5 cents to raise $2,100,000. The notes have a coupon rate of 11% per annum, payable quarterly in arrears, have a maturity date of 31 December 2012 and may be converted prior to maturity at the lower of 5 cents per share and 85% of the previous 10 day volume weighted average price of the Company' shares on the ASX. The amount of notes was subsequently increased to 53,400,000 for a total of $2,670,000.

On 13 January 2012, the Company advised that it had completed a partial farmout of parts of its interests at the Napoleonville Salt Dome prospect to a private US onshore oil and gas company. The Company retains between 3.75% and 4.71% working interest in future wells that will be drilled under the agreement, as well as a 15% working interest in the Dugas & Leblanc #3 well and a 3.99% working interest in the 14-52 well.

On 29 March 2012, the Company announced that it has entered into a participation agreement for up to a 10% working interest in a 40+ horizontal development well project in the Eagle Ford Trend in Texas USA. The Company will pay it proportionate share of all costs plus a two or three well promote (approximately 11.1% for a 10% working interest). The Company initially commenced with a 5% working interest and subsequently exercised an option to acquire a further 5% working interest.

On 19 June 2012, the Company announced that it had entered into a placing agreement with professional and sophisticated investors to issue approximately 223,000,000 shares at an issue price of 1.3 cents with a free attaching option with an exercise price of 5 cents and an expiry date of 31 December 2014, to raise approximately $2,900,000. A total of 173,076,922 shares were issued prior to the end of the financial year which raised $2,250,000. The balance is expected to be raised within three months of the General Meeting of the Company held on 19 September 2012.

12. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 13 August 2012, the Company announced its intention to raise up to $10,000,000 through the issuance of secured convertible notes. The notes will be offered to professional and sophisticated investors. The terms of the notes were a coupon rate of 10% per annum payable quarterly in arrears, an additional net profits payment equal to 5% of net profits after tax in respect of the first horizontal well for a period of five years from first commercial production. The notes have a maturity date of 30 September 2014 and are secured by the Company's SRH #3 Well and the first horizontal well when drilled and completed. Noteholders will have the right to convert the notes at any time prior to maturity at a conversion price of a 10% discount to the VWAP of shares traded on the ASX five days immediately preceding the conversion.

The issue of these notes was subject to shareholder approval. At a General Meeting of shareholders held on 19 September 2012, shareholders approved the issue of notes to raise up to $5,000,000 through the issue of secured convertible notes. In addition a series of resolutions were passed by shareholders that refreshed the Company's 15% placing ability.

On 31 August 2012, the Company announced the sale of its working interest in the Bullseye project, including the producing wells, Jumonville #1 and Jumonville #2 wells. The sale was effective from 1 June 2012. The sale also avoided the Company having to pay for the eventual plug and abandonment costs for existing wells plus the expense of remediating the surrounding woodlands area back to pre-drilling status. Refer to Note 5 for further details.

13. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 30 and forms part of the directors' report for financial year ended 30 June 2012.

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, Eagle Ford, Napoleonville, Bowtie West and North Edna 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.

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 $30,053 (2011: $29,794) 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

Frank Petruzzelli

Frank Petruzzelli
Director
Golden Gate Petroleum Limited

Melbourne, 28 September 2012

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 is based on information compiled by Mr Mickey McGhee, a geologist with over 30 years' experience within the oil and gas sector and an extended background in the Permian Basin, Mr George Placke, a petroleum engineer with over 30 years' experience within the oil and gas sector and an extended background in Texas and the Permian Basin or Mr Mark Decker a geologist with over 34 years relevant experience within the oil and gas sector.

Directors' 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 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 2012 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.

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 2012.

On behalf of the board

Frank Petruzzelli
Director

28 September 2012

Melbourne, Australia

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001
T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2012, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Nicholas E. Burne
Partner - Audit & Assurance

Melbourne Collins St, 28 September 2012

Statement of Comprehensive Income
for the year ended 30 June 2012

	Notes	Consolidated 2012 $	Consolidated 2011 $
Continuing operations			
Revenue from sales	2(a)	3,696,947	2,698,372
Cost of sales	2(b)	(3,088,176)	(2,015,653)
Gross profit		**608,771**	**682,719**
Interest revenue		28,204	23,472
Gain on sale of assets		176,614	650
Other income		7,627	-
Impairment in investments		-	(52,482)
Impairment of oil & gas properties	10(b)	(822,937)	(4,067,328)
Impairment of exploration and evaluation expenditure	9(b)	(2,449,847)	(1,893,878)
Administration costs	2(c)	(2,103,253)	(1,898,223)
Foreign exchange loss		(364)	(360)
Finance costs	2(d)	(211,087)	(50,690)
Loss before income tax		**(4,766,272)**	**(7,256,120)**
Income tax (expense) / benefit	3	-	-
Net loss for the period		**(4,766,272)**	**(7,256,120)**
Other comprehensive income / (loss) Foreign currency translation gain / (loss)		765,500	(2,492,936)
Other comprehensive gain / (loss) for the period net of tax		765,500	(2,492,936)
Total comprehensive loss for the period		**(4,000,772)**	**(9,749,056)**

Loss per share			
Basic loss per share (cents per share)	14	(0.26)	(0.61)
Diluted loss per share (cents per share)	14	(0.26)	(0.61)

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

Statement of Financial Position
as at 30 June 2012

	Notes	Consolidated 2012 $	2011 $
Current assets			
Cash and cash equivalents	16(b)	3,035,204	2,387,656
Trade and other receivables	4	1,427,568	855,763
Investments		-	7,265
Assets held for sale	5	1,057,888	-
Prepayments	6	588,431	57,310
Total current assets		**6,109,091**	**3,307,994**
Non-current assets			
Trade and other receivables	4	272,015	202,961
Plant and equipment	8	32,100	26,986
Exploration and evaluation assets	9	18,569,170	8,894,073
Oil and gas properties	10	631,905	1,343,406
Total non-current assets		**19,505,190**	**10,467,426**
Total assets		**25,614,281**	**13,775,420**
Current liabilities			
Trade and other payables	11(a)	3,468,751	1,064,741
Interest bearing loans & borrowings	11(b)	2,945,000	-
Cash call	11(a)	65,173	72,767
Liabilities directly related to assets held for sale	5	295,489	-
Provisions	12	112,737	531,911
Total current liabilities		**6,887,150**	**1,669,419**
Non-current liabilities			
Interest bearing loans and borrowings	11(b)	-	1,510,000
Provisions	12	148,647	92,983
Total non-current liabilities		**148,647**	**1,602,983**
Total liabilities		**7,035,797**	**3,272,402**
Net assets		**18,578,484**	**10,503,018**
Equity			
Contributed equity	13	104,616,230	92,539,992
Reserves	15	(1,706,111)	(2,471,611)
Accumulated losses		(84,331,635)	(79,565,363)
Total equity		**18,578,484**	**10,503,018**

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 2012

		Consolidated	
	Notes	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers		3,317,746	2,932,690
Receipts from JV partners		991,559	1,647,692
Payments to suppliers and employees		(5,379,523)	(6,701,503)
Interest received		26,887	14,187
Interest paid		(154,801)	(31,878)
Net cash flows used in operating activities	**16(a)**	**(1,198,132)**	**(2,138,812)**
Cash flows from investing activities			
Payments for investments		-	(67,561)
Proceeds from sale of investments		26,143	-
Payments for exploration and evaluation expenditure		(11,167,596)	(2,302,032)
Payments for oil & gas properties		(196,317)	(901,165)
Payments for prospects		(489,614)	(3,053,326)
Proceeds from sale of prospects		117,751	-
Net cash flows used in investing activities		**(11,709,633)**	**(6,324,084)**
Cash flows from financing activities			
Proceeds from the issue of shares		12,292,378	3,688,384
Share issue costs		(1,451,139)	(426,530)
Proceeds from convertible notes		2,670,000	1,510,000
Net cash from financing activities		**13,511,239**	**4,771,854**
Net increase/(decrease) in cash and cash equivalents		603,474	(3,691,042)
Cash and cash equivalents at 1 July		2,387,656	7,584,416
Effect of exchange rate changes on cash and cash equivalents		44,074	(1,505,718)
Cash and cash equivalents at 30 June	**16(b)**	**3,035,204**	**2,387,656**

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

Statement of Changes in Equity
for the year ended 30 June 2012

Consolidated Entity	Issued capital	Accumulated losses	Option premium reserve	Foreign currency translation reserve	Convertible notes reserve	Total equity
	$	$	$	$	$	$
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**
At 1 July 2010	**86,365,141**	**(72,309,243)**	**4,019,740**	**(5,377,608)**	**1,369,193**	**14,067,223**
Loss for the period	-	**(7,256,120)**	-	-	-	**(7,256,120)**
Other comprehensive loss	-	-	-	**(2,492,936)**	-	**(2,492,936)**
Total comprehensive loss for the period	-	(7,256,120)	-	(2,492,936)	-	(9,749,056)
Issue of share capital (net of issue costs)	6,174,851	-	-	-	-	6,174,851
Share based payments	-	-	10,000	-	-	10,000
Balance at 30 June 2011	**92,539,992**	**(79,565,363)**	**4,029,740**	**(7,870,544)**	**1,369,193**	**10,503,018**

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

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 2012 was authorised for issue in accordance with a resolution of the directors on 28 September 2012. 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 2012 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 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Consolidated Entity's management have yet to assess the impact of these amendments.

AASB 9 Financial Instruments (issued December 2009 and amended December 2010) amends the requirements for classification and measurement of financial assets. Several requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9, including the requirements relating to classification and measurement of financial liabilities and derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. As application date is only mandatory for the 30 June 2016 year end onwards, the entity has not yet made an assessment of the impact of these amendments.

AASB 13 Fair Value Measurement (issued May 2011) establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements, rather than the current situation where fair value measurement requirements are included in several Accounting Standards. Due to the recent release of this standard, the Consolidated Entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by IFRS 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 July 2013. Additionally, this standard requires increased disclosures for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. When this standard is adopted for the first time on 1 July 2013, additional disclosures will be required about fair values.

Amendments to AASB 2011-9 Presentation of Items of Other Comprehensive Income (issued June 2011) amends the presentation of items of other comprehensive income (OCI) to align with presentation under US GAAP. This will result in the statement of comprehensive income changing its name to 'statement of profit or loss and other comprehensive income.' Items of OCI must also be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot. When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

AASB 10 - Consolidated Financial Statements, applicable to annual reporting periods commencing on or after 1 January 2013 introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:

+ Power over investee (whether or not power used in practice);
+ Exposure, or rights, to variable returns from investee; and
+ Ability to use power over investee to affect the entity's returns from investee.

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 because the entity does not have any special purpose entities.

AASB 11 - Joint Arrangements, applicable to annual reporting periods commencing on or after 1 January 2013 Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrange ment will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract. The Consolidated Entity currently have joint arrangements as part of its exploration and development activities and is yet to assess the impact on transactions and balances recognised in the financial statements when this standard is first adopted for the year ended 30 June 2014.

AASB 12 - Disclosure of Interests in Other Entities, applicable to annual reporting periods commencing on or after 1 January 2013 combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. AASB 12 introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities. 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.

(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) 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 2012 ("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.

(d) 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; and
+ 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 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.

(e) 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.

(f) 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).

(g) 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(d)). Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed.

(h) 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.

(i) 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.

(j) 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.

(k) 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 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.

(l) 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.

(m) 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 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 Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Comprehensive Income as an integral part of the lease expense.

(n) 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 by pipeline and 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.

(o) 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.

(p) 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 taxation authority.

(q) 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.

(r) 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.

(s) 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.

(t) 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 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.

(u) 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 determination of the fair value at grant date. The Statement of 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).

(v) 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 Comprehensive Income. The increase in the liability due to the passage of time is recognised as a finance cost if material.

(w) 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.

(x) 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;

+ Methods used to distribute the products or provide the services, and if applicable; and

+ 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".

(y) Comparative figures

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

(z) 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.

(i) 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:

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.

(ii) 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(e). 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 Comprehensive Income.

Restoration provision
The Consolidated Entity's accounting policy for restoration provisions is set out at Note 1 (g). 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 Comprehensive Income.

2. REVENUE, EXPENSES AND LOSSES/GAINS

	2012	2011
	$	$
(a) Revenue		
Sales revenue	3,696,947	2,698,372
(b) Cost of sales		
Operating costs	1,880,365	555,102
Depletion	266,082	850,199
Royalties	941,729	610,352
	3,088,176	**2,015,653**
(c) Administration costs		
Employee/consulting fees	1,177,900	969,766
Defined contribution superannuation	8,180	3,303
Share based payments	-	10,000
Employee benefit / consulting fees expense	1,186,080	983,069
Compliance costs	481,685	312,205
Impairment of trade debtors	-	140,211
Insurance	32,527	33,291
Depreciation	15,265	16,684
Other	387,696	412,763
	2,103,253	**1,898,223**
(d) Finance expense		
Interest expense	211,087	50,690
	211,087	**50,690**

3. INCOME TAX

The major components of income tax are:

	2012	2011
	$	$
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	(4,200,962)	(1,499,827)
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	4,200,962	1,499,827
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)	(4,766,272)	(7,256,120)
Prima facie tax receivable at 30% (2011:30%)	(1,429,882)	(2,176,836)
Add tax effect of:		
DTA not brought to account	1,429,882	2,176,836
Income tax expense / (benefit) on loss	**-**	**-**

Deferred income tax

Deferred income tax at 30 June relates to the following:

	2012	2011
	$	$
Deferred tax liabilities		
Deferred tax liabilities movement in the profit and loss:		
Exploration expenses	-	333,239
Deferred tax liabilities movement in equity:		
Convertible note	-	-
	-	**333,239**

	Consolidated	
	2012 $	2011 $
Deferred tax assets		
Deferred tax assets movement		
Exploration expenses:		
Provisions	68,162	(143,102)
Losses - Aust	467,421	362,047
Losses - US	3,733,541	1,137,780
Non-recognition of deferred taxes	(4,269,124)	(1,023,486)
	-	**333,239**

Tax losses

At 30 June 2012, Golden Gate Petroleum Ltd consolidated group has $29,191,278 (including US tax losses) (2011: $24,990,316 of tax losses that are 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	
	2012 $	2011 $
Deferred tax assets		
Tax losses – Australian	2,784,899	2,317,478
Tax losses – US	26,406,379	22,672,838
	29,191,278	**24,990,316**

Golden Gate Petroleum Ltd and its 100% owned Australian subsidiaries have not formed a tax consolidated group for the year ended 30 June 2012.

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.

4. TRADE & OTHER RECEIVABLES

	Consolidated 2012 $	Consolidated 2011 $
Current		
Trade debtors [1]	744,653	505,663
Allowance for impairment loss [2]	-	(140,211)
	744,653	365,452
Other receivables [3]	682,915	490,311
	1,427,568	**855,763**

	Consolidated 2012 $	Consolidated 2011 $
Non-current		
Security deposits [4]	272,015	202,961
	272,015	**202,961**

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. No impairment loss (2011:$140,211) 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* $	>0 Days PDNI** $
2012	Consolidated	744,653	344,657	194,786	14,074	-	191,136
2011	Consolidated	505,663	238,854	98,721	4,032	140,211	23,845

* Considered impaired ('CI')
** Past due not impaired ('PDNI')

Receivables past due but not impaired are $191,136 (2011: $23,845).

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.

5. ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2012 $	2011 $
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 have been valued at fair value less cost of sale and revenue recorded in June 2012. The sale was completed in August 2012 and was to have the economic effect of having been effective from 1 June 2012. During the year impairment charges of $1,208,454 were recorded against these assets. The sale removes any future liability for the Company in regard to plug and abandonment costs and remediation works.

6. PREPAYMENTS

	Consolidated	
	2012 $	2011 $
Prepayments	588,431	57,310

The majority of the prepayment balance is in relation to prepaid oil & drilling costs associated with the Eagle Ford project for the 2012 financial year. The balance as at 30 June 2011 was primarily related to prepayments for insurance.

7. INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Percentage of Equity Interest held by the consolidated entity	
Investments in subsidiaries		2012 %	2011 %
Southdale Holdings Pty Ltd	Australia	100	100
Bablah Pty Ltd	Australia	100	-
Golden Gate Resources Ltd	Canada	100	100
GGR Petroleum LLC	USA	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

8. PLANT & EQUIPMENT

	Consolidated	
	2012 $	2011 $
Office equipment at cost	108,976	88,597
Accumulated depreciation	(76,876)	(61,611)
Total office equipment	**32,100**	**26,986**

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

	Consolidated	
	2012 $	2011 $
Office equipment at cost		
Balance at start of year	26,986	46,746
Additions	19,015	4,951
Movement in carrying value as a result of foreign currency valuations	1,364	(8,027)
Disposal	-	-
Depreciation	(15,265)	(16,684)
Balance at end of year	**32,100**	**26,986**

9. EXPLORATION AND EVALUATION ASSETS

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

	Consolidated	
	2012 $	2011 $
Exploration and evaluation assets - at cost	**18,569,170**	**8,894,073**

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.

b) Reconciliation:

	Consolidated	
	2012 $	2011 $
Carrying amount at beginning of period	8,894,073	3,754,263
Movement in carrying value as a result of foreign currency variations	599,103	(1,237,425)
Additions	12,708,867	8,271,113
Sales	(12,815)	-
Transfer to oil & gas properties	(625,142)	-
Transfer to assets held for sale	(545,069)	-
Impairment expense*	(2,449,847)	(1,893,878)
Carrying amount at end of period	**18,569,170**	**8,894,073**

** Allowance for impairment expense in 2012 write off incurred with respect to the drilling and prospect costs of TGR Lands #1, Huth #1, Bullseye Prospect and the Magnet Withers and Padre Island Seismic projects. Allowance for impairment expense in 2011 writes off incurred with respect to Sagers #1, Clifton Lands #1, Dugas & Leblanc #1 & #2 and some Napoleonville projects. The write offs were as a result of lack of exploration success and the directors ongoing analysis of the economic viability of projects.*

10. OIL AND GAS PROPERTIES

a) Oil and gas properties carried forward

	Consolidated	
	2012 $	2011 $
Oil and gas production properties	**631,905**	**1,343,406**

b) Reconciliation:

	Consolidated	
	2012 $	2011 $
Carrying amount at beginning of period	1,343,406	5,876,652
Transferred from exploration	625,142	-
Movement in carrying value as a result of foreign currency variations	68,878	(516,885)
Additions	196,317	901,165
Transfer to assets held for sale	(512,819)	-
Impairment expense	(822,937)	(4,067,328)
Amortisation	(266,082)	(850,198)
Carrying amount at end of period	**631,905**	**1,343,406**

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 $822,937 (2011: $4,067,328) 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 16.5%; and

+ 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 2012, the actual recoverable amount of the assets agrees to its carrying value. Should future production at Napoleonville not meet forecasts, the recoverable value of the assets may be reduced to less than its carrying value.

11. FINANCIAL LIABILITIES

a) Trade creditors

	Consolidated	
	2012 $	2011 $
Current		
Trade creditors [1]	3,004,471	532,221
Other creditors [2]	464,280	532,520
	3,468,751	**1,064,741**
Cash call [3]	65,173	72,767
	3,533,924	**1,137,508**

Aggregate amount payable to related parties included in the above:		
Directors and director related entities:		
- director related entity [4]	132,852	105,485

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 provision of office space 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	
	2012 $	2011 $
Current		
Convertible Notes – Series 1	910,000	-
Convertible Notes – Series 2	2,035,000	-
	2,945,000	**-**
Non-current		
Convertible Notes – Series 1	-	1,510,000
	-	**1,510,000**

Terms and conditions of convertible notes

(1) The coupon rate is 11% per annum, payable quarterly in arrears;
(2) The principal of Series 1 is repayable on 30 June 2013, the principal of Series 2 is repayable on 31 December 2012; and
(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.
(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 2012 (cont'd)

12. PROVISIONS

	Consolidated	
	2012 $	2011 $
Current		
Employee benefits	8,865	625
Restoration costs	103,872	531,286
	112,737	**531,911**
Non-Current		
Restoration costs	148,647	92,983
	148,647	**92,983**
Restoration		
Carrying amount at beginning of period	624,269	884,180
Additional provisions	-	240,131
Accretion in provisions	21,205	51,912
Provision reversed in the period	(131,096)	(387,120)
Transfer to provisions held for assets for sale	(295,489)	-
FX movement on provision	33,630	(164,834)
Carrying amount at end of period	**252,519**	**624,269**

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.

13. CONTRIBUTED EQUITY

(a) Issued and paid up share capital

	Consolidated	
	2012 $	2011 $
Ordinary shares fully paid	104,616,230	92,539,992

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

	2012		2011	
	Number of Shares	$	Number of Shares	$
Balance at the beginning of the year	1,495,191,946	92,539,992	975,826,623	86,365,141
Exercise of options	888	71	-	-
Conversion of convertible notes	96,864,788	1,235,000	-	-
Equity issues not for cash	3,000,000	39,000	212,000,000	2,949,000
Equity issues during the year for cash	789,339,133	12,292,307	307,365,323	3,688,384
Less: transaction costs	-	(1,490,140)	-	(462,533)
Balance at the end of the year	**2,384,396,755**	**104,616,230**	**1,495,191,946**	**92,539,992**

14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share for the year ended 30 June 2012 was based on the loss attributable to ordinary shareholders of $4,766,272 (2011: $7,256,120) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2012 of 1,830,906,852 (2011: 1,180,317,030), calculated as follows:

	Consolidated	
	2012 $	2011 $
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	1,495,191,946	975,826,623
Effect of shares issued during the period	335,714,906	204,490,407
Weighted average number of ordinary shares at 30 June	1,830,906,852	1,180,317,030
Loss attributable to ordinary shareholders	(4,766,272)	(7,256,120)
Loss per share (cents) overall	**(0.26)**	**(0.61)**

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 679,099,507 as at 30 June 2012 (2011: 541,936,396).

679,099,507 options expired on 31 August 2012. Noteholders have converted $35,000 worth of notes since the end of the financial year. At a General Meeting of shareholders held on 19 September 2012 the Company shareholders ratified the issue of 177,835,744 shares and 53,400,000 convertible notes as well as approved the issue of 48,558,462 shares and 221,635,383 options and 100,000,000 new convertible notes. 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	
	2012 $	2011 $
Option premium reserve	4,029,740	4,029,740
Foreign exchange translation reserve	(7,105,044)	(7,870,544)
Convertible note reserve	1,369,193	1,369,193
Balance at end of the year	**(1,706,111)**	**(2,471,611)**

(a) Option premium reserve

(i) Nature and purpose of reserve

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

(ii) Movements in reserve

	Consolidated	
	2012 $	2011 $
Balance at the beginning of the year	4,029,740	4,019,740
Share option premium reserve	-	-
Issue of Options	-	10,000
Balance at end of the year	**4,029,740**	**4,029,740**

(iii) Movements in options on issue

2012	Number	Exercise Price	Expiry Date
Unlisted options			
Balance at the beginning of the year	600,000		
Expiry of options	(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 option	(888)	$0.08	31-Aug-12
Total listed options at the end of the year	**679,099,507**	**$0.08**	**31-Aug-12**

2011	Number	Exercise Price	Expiry Date
Unlisted options			
Balance at the beginning of the year	13,900,000		
Options forfeited	(13,300,000)	$0.35	30-Oct-10
Total unlisted options at the end of the year	**600,000**	$0.40	31-Aug-11
Listed options			
Balance at the beginning of the year	231,971,070		
Issue of options	309,365,326	$0.08	31-Aug-12
Total listed options at the end of the year	**541,336,396**	**$0.08**	**31-Aug-12**

15. RESERVES (cont'd)

(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	
	2012 $	2011 $
Balance at the beginning of the year	(7,870,544)	(5,377,608)
Currency translation differences	765,500	(2,492,936)
Balance at end of the year	**(7,105,044)**	**(7,870,544)**

(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	
	2012 $	2011 $
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**

16. STATEMENT OF CASH FLOWS

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

	Consolidated	
	2012 $	2011 $
Net loss after tax for the period	**(4,766,272)**	**(7,256,120)**
Add/(less) non-cash items:		
Foreign currency translation	364	360
Allowance for impairment in exploration & development assets	3,272,784	5,961,206
Allowance for impairment in investments	-	52,482
Allowance for impairment of trade debtors	-	140,211
Amortisation of production assets	266,081	850,199
Employee share option expense	-	10,000
Accrued interest revenue	-	(9,285)
Accrued interest expense	75,099	18,812
Net loss/(gain) on sale of non-current assets	(176,614)	(650)
Depreciation	15,265	16,684
Net cash (used in)/ from operating activities before change in assets and liabilities	**(1,313,293)**	**(216,101)**
Decrease/(increase) in receivables	(640,859)	301,997
Decrease/(increase) in other assets	7,265	79,999
Decrease/(increase) in prepayments	13,477	1,878
Increase/(decrease) in provisions	(76,886)	(260,212)
Increase/(decrease) in prepaid JV receipts	(7,594)	(1,821,411)
Increase/(Decrease) in payables	819,758	(224,962)
Net cash flow from / (used in) operating activities	**(1,198,132)**	**(2,138,812)**

(b) Reconciliation of cash and cash equivalents

Cash balance comprises:		
Cash at bank	**3,035,204**	**2,387,656**

(c) Non-cash investing and financial activities

	Consolidated	
	2012 $	2011 $
Shares issued to acquire exploration & evaluation assets	-	2,915,755

17. INTEREST IN JOINTLY CONTROLLED ASSETS

At 30 June 2012 the Consolidated Entity was a participant in the following jointly controlled assets:

	Consolidated	
	2012 Working Interest %	2011 Working Interest %
Producing wells		
Jumonville #1	54.25%	54.25%
Jumonville #2	54.25%	54.25%
Dugas & Leblanc #3	15.30%	15.00%
SRH #3	100.00%	-
SRH #4	100.00%	-
Louisiana prospects		
Fausse Point	18.00%	18.00%
Napoleonville Prospect 14-52	3.99%	18.83%
Napoleonville Mound II	23.00%	-
North Edna (carried)	11.20%	85.00%
Acadia Project	33.75%	-
Texas prospects		
Permian Basin	100.00%	100.00%
Bowtie Project	12.00%	18.00%
Eagle Ford Project	10.00%	-

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 $18,569,170 (2011: $8,894,073) and production costs of $631,905 (2011: $1,343,406) 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	
	2012 $	2011 $
Less than one year	28,703	46,933
Between one and five years	2,240	30,943
More than five years	-	-
	30,943	**77,876**

The Consolidated Entity acquired new office rental space and extended the term for the current space in regard to the Houston office. These leases expire on 31 July 2012 and 31 July 2013. There are no exploration commitments.

19. CONTINGENT LIABILITIES

Several class action suits have been filed in the United States against the operator of the Dugas & Leblanc #1 well and the joint venture partners. 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.

A party to a previous agreement with a subsidiary of Arturus Capital Limited in connection with the Permian Basin leases have enjoined the Company in an action to enforce an option agreement previously entered into by Arturus Capital Limited with the party prior to the sale of the leaseholds to the Company. The party is seeking to transfer the option agreement to a US based subsidiary of the Company. The agreement would entitle the party to a 25% back in to the project (after all costs are recovered) and operatorship of the project. The Company strongly believes that the option agreement does not transfer with the acquisition of the leases. The Company has in place an indemnity provided by Arturus Capital Limited against the actions by the party.

A party has commenced an action in the USA concerning a claimed 3% override royalty on the Permian project. The action is based on an agreement entered into by the party 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.

20. AUDITORS' REMUNERATION

Amounts received or due and receivable by BDO Audit (NSW – Vic) Pty Ltd (2011) and Grant Thornton Audit Pty Ltd for:

	Consolidated	
	2012 $	2011 $
Audit or review of the financial report of the company		
Auditors of Golden Gate Petroleum Ltd – Grant Thornton	39,027	-
Other auditors – BDO (NSW-Vic) Pty Ltd	82,791	75,000
	121,998	**75,000**

21. KEY MANAGEMENT PERSONNEL

(i) Directors and Executives

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

Mr S Russotti resigned on 29 January 2011 and was not considered part of the Key Management Personnel for the current financial year.

	Consolidated	
Disclosures	2012 $	2011 $
Short term	754,790	907,041
Short term non-monetary	5,693	4,674
Cash bonus	10,000	-
Post-employment	8,180	3,303
Termination benefits	-	-
Share-based payment	-	10,000
	778,663	**925,018**

(a) Shares issued on exercise of remuneration options

No remuneration options were exercised in the 2012 or 2011 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.

2012	Held at 1 July 2011	Granted	Expired	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 Ritchie	-	-	-	-	-	-	-
Mr C Bowyer	-	-	-	-	-	-	-
Total	**4,342,956**	**-**	**-**	**-**	**-**	**4,342,956**	**4,342,956**

2011	Held at 1 July 2010	Granted	Expired	Exercised/ Sold	Other Changes*	Held at 30 June 2011	Exercisable/ Vested
Key Management Personnel							
Mr. S Graves	5,489,021	-	(5,000,000)	-	760,509	1,249,530	1,249,530
Mr. F Petruzzelli	2,379,149	-	(2,000,000)	-	714,277	1,093,426	1,093,426
Mr. S Russotti	4,198,753	-	(4,000,000)	-	-	198,753	198,753
Mr. F Brophy	-	2,000,000	-	-	-	2,000,000	2,000,000
Mr. C Bowyer	-	-	-	-	-	-	-
Mr. C Ritchie	-	-	-	-	-	-	-
Total	**12,066,923**	**2,000,000**	**(11,000,000)**	**-**	**1,474,786**	**4,541,709**	**4,541,709**

* During the 2011 year Messrs Graves and Petruzzelli participated in the rights issues 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.

(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:

2012	Held at 1 July 2010	On Exercise Options	Other Changes*	Held at 30 June 2011
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 Bowyer	-	-	-	-
Mr C Ritchie	-	-	-	-
Total	**8,848,702**	-	**13,704,102**	**22,552,804**

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

2011	Held at 1 July 2010	On Exercise Options	Other Changes*	Held at 30 June 2011
Key Management Personnel				
Mr S Graves	2,802,542	-	1,760,509	4,563,051
Mr F Petruzzelli	2,371,374	-	1,914,277	4,285,651
Mr S Russotti (1)	1,069,287	-	-	1,069,287
Mr F Brophy	-	-	-	-
Mr C Ritchie	-	-	-	-
Mr C Bowyer	-	-	-	-
Total	**6,243,203**		**3,674,786**	**9,917,989**

(1) *Mr Russotti holds 100,582 (2011: 100,582) shares on trust for other non-related parties.*

During the year Mr Graves purchased 1,000,000 shares on market and participated in the rights issue undertaken by the Company and purchased 760,509 shares. Mr Petruzzelli purchased 1,200,000 shares on market and participated in the rights issue undertaken by the Company and purchased 714,277 shares.

(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	2012 $	2011 $
Directors & Executives			
Mr F Petruzzelli	(i)	785,794	141,257
Mr S Graves	(ii)	121,781	82,352
Mr C Ritchie	(iii)	19,070	-

(i) During 2012, 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 $67,873 at year end (2011: $97,235). During 2012, MDB Corporate Advisors were paid a success fee on the negotiation of the acquisition of the Permian Basin leases of $170,000 (2011: Nil) and capital raising fees of $181,959 (2011: Nil).

(ii) During 2012, Tigre International Inc., of which Mr S Graves is a director was reimbursed travel costs. Tigre International Inc. was owed $48,472 at year end (2011: Nil).

(iii) During 2012, Mr C Ritchie was reimbursed travel and shareholder meeting costs. Mr Ritchie was owed $8 at year end (2011: Nil).

22. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated	
	2012 $	2011 $
Expense arising from equity settled share based payment transactions	-	10,000

(b) 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.

Details of options granted and vested during the year ended 30 June 2011

Holder	Number of options granted during 2011	Grant date	Fair value per option at grant date ($)	Exercis price per option ($)	Expiry date	Number of options vested during 2011
Directors						
Mr F Brophy	2,000,000	18-Nov-10	$0.005	0.08	31-Aug-12	2,000,000

Valuation of options

The listed options granted to Mr Brophy have been valued as at the ASX market price at the grant date.

(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:

	2012 No.	2012 WAEP	2011 No.	2011 WAEP
Outstanding at the beginning of the year	2,600,000	0.15	13,900,000	0.35
Granted during the year	-	-	2,000,000	0.08
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(600,000)	0.40	(13,300,000)	0.35
Outstanding at the end of the year	**2,000,000**	**0.08**	**2,600,000**	**0.15**
Exercisable at the end of the year	**2,000,000**	**0.08**	**2,600,000**	**0.15**

The outstanding balances as at 30 June 2012 are represented by:

- 2,000,000 listed options over ordinary shares with an exercise price of $0.08 each, exercisable on or before 31 August 2012

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 0.17 years (2011: 0.94 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.08 (2011: $0.08 - $0.40). 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

There were no options granted or vested in the current year, the weighted average fair value of options granted or vested during the previous year was $0.005.

23. SUBSEQUENT EVENTS

On 13 August 2012, the Company announced its intention to raise up to $10,000,000 through the issuance of secured convertible notes. The notes will be offered to professional and sophisticated investors. The terms of the notes were a coupon rate of 10% per annum payable quarterly in arrears, an additional net profits payment equal to 5% of net profits after tax in respect of the first horizontal well for a period of five years from first commercial production. The notes have a maturity date of 30 September 2014 and are secured by the Company's SRH #3 Well and the first horizontal well when drilled and completed. Noteholders will have the right convert the notes at any time prior to maturity at a conversion price of a 10% discount to the VWAP of shares traded on the ASX five days immediately preceding the conversion.

The issue of these notes was subject to shareholder approval. At a General Meeting of shareholders held on 19 September 2012, shareholders approved the issue of notes to raise up to $5,000,000 through the issue of secured convertible notes. In addition a series of resolutions were passed by shareholders that refreshed the Company's 15% placing ability.

On 31 August 2012 the Company announced the sale of its working interest in the Bullseye prospect, including the producing wells, Jumonville #1 and Jumonville #2 wells. The sale was effective from 1 June 2012. The sale also avoided the Company having to pay for the eventual plug and abandonment costs for existing wells plus the expense of remediating the surrounding woodlands area back to pre-drilling status.

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

Cash flow 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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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.

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	Weighted Average Interest Rate	Fixed Interest Rate $	Floating Interest Rate $	Non- Interest Bearing $	Total $
2012					
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

Consolidated	Weighted Average Interest Rate	Fixed Interest Rate $	Floating Interest Rate $	Non- Interest Bearing $	Total $
2011					
Financial assets					
Cash assets *	3.7%	-	2,387,656	-	2,387,656
Trade and other receivables - current *	-	-	-	855,763	855,763
Security deposits **	0.5%	-	202,961	-	202,961
		-	**2,590,617**	**855,763**	**3,446,380**
Financial liabilities					
Trade and other payables*	-	-	-	1,064,741	1,064,741
Convertible notes **	11%	1,510,000	-	-	1,510,000
		1,510,000	-	**1,064,751**	**2,574,741**

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

25. FINANCIAL INSTRUMENTS (Cont'd)

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:	
Risk variable	Sensitivity*	Profit 2012	Other Comprehensive Income 2012	Profit 2011	Other Comprehensive Income 2011
Interest rate	+ 50 b.p.	15,176	15,176	11,938	11,938
	- 50 b.p.	(15,176)	(15,176)	(11,938)	(11,938)

(b) Foreign currency risk

There are 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. The group monitors capital on the basis of the gearing ratio. The gearing ratio is defined as external borrowings to total equity.

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 $778,059 (2011: $1,638,575 surplus). Notwithstanding this deficiency all the directors consider the Consolidated Entity to be a going concern in view of the funds to be raised as per Note 23.

25. FINANCIAL INSTRUMENTS (Cont'd)

The following are the contractual maturities of financial liabilities:

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.

30 June 2011	Carrying amount $	Contractual cash flows $	<3 months $	3-6 mths $	6-24 mths $	>2 years $
Trade and other payables	1,064,741	1,064,741	1,064,741	-	-	-
Convertible notes *	1,510,000	332,655	41,866	41,866	248,923	-
	2,574,741	**1,397,396**	**1,106,607**	41,866	248,923	-

* 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 $	Other* $	Total $
2012	3,116,359	312,694	267,894	3,696,947
2011	2,332,802	213,764	151,806	2,698,372

*Products other than oil and gas

26. SEGMENT INFORMATION (cont'd)

Geographical information

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

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

2011	USA $	Australia $
Sales revenue	2,698,372	-
Non-current assets	10,465,794	1,632

The Consolidated Entity produces oil and gas to customers located in the North American market. The Group has five customers to which it provides oil, gas and other products. Three customers account for 93% of total revenue.

27. PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2012, the parent entity of the group was Golden Gate Petroleum Limited.

	Parent	
	2012 $	2011 $
Result of the parent entity		
Loss of the parent entity	(3,794,652)	(1,604,112)
Total comprehensive income of the parent entity	**(3,794,652**	**(1,604,112)**
Financial position of the parent entity at year end		
Current assets	1,537,475	1,638,986
Non-current assets	23,547,766	10,594,455
Total assets	**25,085,241**	**12,233,441**
Current liabilities	3,461,712	219,597
Non-current liabilities	-	1,510,826
Total liabilities	**3,461,712**	**1,730,423**
Contributed equity	104,616,231	92,539,992
Retained earnings	(83,074,508)	(79,290,961)
Option premium reserve	4,029,740	4,029,740
Foreign exchange translation reserve	(5,317,127)	(8,144,946)
Convertible note reserve	1,369,193	1,369,193
Total shareholders' equity	**21,623,529**	**10,503,018**

	2012 $	2011 $
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	-	-

GrantThornton

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001
T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2012, the consolidated statement of 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which 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.

GrantThornton

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 and fair presentation of the financial report 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.

Electronic presentation of audited financial report

This auditor's report relates to the financial report of Golden Gate Petroleum Limited and controlled entities for the year ended 30 June 2012 included on Golden Gate Petroleum Limited's web site. The Company's Directors are responsible for the integrity of Golden Gate Petroleum Limited's web site. We have not been engaged to report on the integrity of Golden Gate Petroleum Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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 2012 and of its performance for the year ended on that date; and
- ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in pages 4 to 9 of the directors' report for the year ended 30 June 2012. 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 2012, 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 Collins St, 28 September 2012

Corporate Governance Statement

THE CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

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.

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 with 2010 Amendments (2nd Edition).

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

Recommendation		Comply Yes / No	Reference
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	Yes	Page 72
1.2	Disclose the process for evaluation the performance of senior executives	Yes	Page 72
2.1	A majority of the board should be independent directors.	No	Page 73
2.2	The chairperson should be an independent director.	No	Page 73
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	No	Page 73
2.4	The board should establish a nomination committee.	No	Page 73
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	Yes	Page 73
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 74
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 for the board to assess annually both the objectives and progress in achieving them	No	Page 74
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress toward achieving them.	No	Page 74
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.	Yes	Page 74
4.1	The board should establish an audit committee.	No	Page 75
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 75
4.3	The audit committee should have a formal charter.	No	Page 75
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 75
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Yes	Page 76
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	Yes	Page 77
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 77
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 77
8.1	The board should establish a remuneration committee.	No	Page 78
8.2	The remuneration committee should be structured so that it: + consists of a majority of independent directors; + is chaired by an independent chair; and + has at least three members.	No	Page 78
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 78

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; and
+ 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.

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	5 Years
Mr F Petruzzelli	Non-Executive Director	8 Years
Mr F Brophy	Non-Executive Director	3 Years

The directors meet frequently, 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; and
+ 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 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 set by the board in accordance with the diversity policy and progress toward achieving them.

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:

Ethicals standards
The Company has a formal code of conduct as per Recommendation 3.1. 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 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 the Company adopts an open and inclusive attitude in 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	44%
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.

5.1 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.

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.

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.

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 structured so that it:
+ consists of a majority of independent directors;
+ is chaired by an independent chair; and
+ 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; and
+ 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 7 SEPTEMBER 2011

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.

Substantial shareholders (holding not less than 5%)

As at 7 September 2011 there are no substantial shareholders.

Class of shares and voting rights

At 7 September 2011 there were 5,813 holders of 2,388,419,744 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	308
1,001 – 5,000	334
5,001 – 10,000	218
10,001 – 100,000	2,112
100,001 and over	2,841
Total	**5,813**

The number of shareholders holding less than a marketable parcel is 2,098.

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.

Listing of 20 largest shareholders

	Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held
1	ETRADE Australia Nominees Pty Ltd	40,054,762	1.68%
2	Ganeshaya Pty Ltd	39,281,437	1.65%
3	Mr P Kanizay	29,000,000	1.21%
4	Alimold Pty Ltd	27,445,385	1.15%
5	Dr T Kolimackovski	23,000,000	0.96%
6	Sacha Investments Pty Ltd	20,500,000	0.86%
7	Najava Pty Ltd <Macintosh Super Fund A/C>	16,688,000	0.70%
8	Four P Investment Co Pty Ltd	15,500,000	0.65%
9	AW & JE Wilks Pty Ltd	14,561,710	0.61%
10	Ms A Kontkanen & Mr J Hildred	14,348,679	0.60%
11	Cooinda Corporation Pty Ltd	14,321,523	0.60%
12	Kings Park Superannuation Fund Pty Ltd	14,075,429	0.59%
13	UOB Kay Hian Private Limited <Clients A/C>	13,864,436	0.58%
14	Mr HW & Mrs UB & Mr S Hiralal <Ganeshaya Super Fund>	12,735,630	0.53%
15	Mr TD Clarke	12,527,000	0.52%
16	Mrs MA & Mr Mr Ryan	12,120,000	0.51%
17	Dr A Lennox	12,000,000	0.50%
18	Mr T Booth <Cedrus Libani Super Fund A/C>	12,000,000	0.50%
19	Supafaha Pty Ltd <Supafaha Super Fund A/C>	11,428,572	0.48%
20	Blocking Services Limited	11,000,000	0.46%
	Total	**366,452,563**	**15.34%**

Listing of 20 largest listed option holders

There are no listed options on issue as at 7 September 2012.

Unquoted options

There are no unquoted options on issue as at 7 September 2012.

Tenement summary

Tenement	Working Interest
Producing Wells	
Dugas & Leblanc #3 well	15.00%
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%
Louisiana Prospects	
Fausse Point	18.00%
Napoleonville	3.83%
Acadia	35.00%
Texas Prospects	
Permian	100.00%
Bowtie West	11.95%
Eagle Ford	10.00%
Goliad	25.00%

This page has been intentionally left blank



GOLDEN GATE
PETROLEUM LTD

ABN 34 090 074 785

566 Elizabeth Street, Melbourne Victoria 3000

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

Designed by Hart&Design Pty Ltd.