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Market Release (*via electronic lodgement*)

ACTIVITIES UPDATE

- ❖ Syd – A2 intersects a net 91 feet of potential oil & gas reservoirs
- ❖ Testing of Syd – A2 expected to commence within two weeks
- ❖ Drilling of Syd – A3 expected to commence on 2 December
- ❖ Plans made to re-complete an existing well in Bethany.
- ❖ Syd – A1 gas sales contract signed, with laying of connecting pipeline and installation of production facilities to commence within the next week
- ❖ Homerun – 1, efforts to clear obstructions continue

BETHANY – TEXAS (100% WI)

Syd – A1

Agreements for the transport and sale of gas from Syd – A1 have been signed. Work on the physical tie-in of the well has been delayed due to heavy rain. It is now scheduled to commence next week and is expected to be completed in time to commence selling gas by mid December. Syd - A1 was flow tested in October and achieved a stabilised flow rate of 420 mcf through a 9/64 inch choke.

Syd – A2

The well was drilled to a total depth of 4,000 feet. Electric logs indicate a net 91 feet of potential oil and gas reservoirs. This is approximately 26 feet greater than the Company's pre-drill estimates. Testing of the well is planned to commence in two weeks.

Syd – A3

Syd – A3 is the third well in the Bethany drilling program and is expected to commence on 2 December. This well will be drilled to a shallower depth of approximately 3,000 feet and is specifically targeting the Paluxy gas sand, which is the productive zone successfully tested in Syd – A1. There also exist a further 3 potential gas zones above the Paluxy each of which has a reasonable probability of containing commercially producible gas. The more specific targeting of zones results in shallower wells being required and is expected to reduce well costs for those wells to less than US\$200,000 per well.

Existing Well #2501

After the testing of Syd – A2 the Company plans to re-enter and re-complete one of the old wells in the permit in a gas zone occurring at approximately 2,400 feet. The cost of the re-completion of the well is estimated to be US\$70,000, considerably cheaper than drilling and completing a new well. If the re-

completion is successful then other old oil wells will also be candidates for future re-completion for gas production.

PADRE ISLAND – TEXAS (10% WI)

Homerun – 1

Prior to fracture stimulation zone 2 in the well flowed at a stabilised rate of 400 and 500 mcf per day with 17 and 25 barrels of oil. The well was fracture stimulated on 3 November and opened up to recover the stimulation fluid and subsequent flow testing. Since then approximately one third of the fluid has been recovered. The well ceased to flow because of obstructions in the tubing caused by formation being carried into the well by the high rate of flow of the stimulation fluid. The initial obstruction was cleared however on opening up the well obstruction of the tubing occurred again. The obstructions have been cleared again and the well remains shut in while the Operator considers solutions to the problem.

On completion of the testing of zone 2 it is intended that zone 3 will be tested. Electric log and sidewall core data obtained from zone 3 indicate that it should have better flow properties than zone 2, and expectations are for a flow of approximately 3 million cubic feet per day.

The managing director of Golden Gate Petroleum, Mr. Sam Russotti commented “Drilling results at Bethany continue to pleasantly surprise us. We are confident that testing at Syd – A2 will confirm that the gas zones will commercially produce. Subject to the final test results, we plan to complete at least 2 of the gas zones (totalling a net 56 feet of reservoir) as a dual completion. If Syd – A3 and the planned re-completion of well #2501 provide similar success then the Company will have 4 producing wells in Bethany by mid January. On Homerun the problems with blocked tubing are frustrating but we are confident that these will be overcome and the flow testing of the well will resume in the near future.”

On behalf of the
Board of Directors

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