



GOLDEN GATE PETROLEUM LTD

(A B N 3 4 0 9 0 0 7 4 7 8 5)

1st Floor, 8 Colin Street
West Perth WA
Australia 6005

Telephone: +61 8 9324 1177
Facsimile: +61 8 9324 2171



PO Box 453
West Perth WA
Australia 6872

Email: admin@ggpl.com.au
Website: www.ggpl.com.au

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GOLDEN GATE SECURES SUBSTANTIAL PARTNER FOR ITS PADRE ISLAND DRILLING PROGRAM

The board of Golden Gate Petroleum Ltd ("Golden Gate") is pleased to announce that it has on sold half of its exploration interests in the Padre Island Project to Lodore Resources Inc ("Lodore") for a consideration of US\$420,000. Lodore is an oil and gas explorer and producer listed on the London Stock Exchange and has a capitalization of 90 million pounds (approximately A\$211 million).

The issue by Golden Gate of sole risk notices to the Padre Island Joint Venture involved a potentially large financial commitment and was undertaken with the support of Lodore. The sole risk notices created the opportunity to acquire Novus' interest at an attractive price. In accordance with understandings made at the time the notices were issued, Golden Gate has finalised an agreement to on-sell half its Padre Island exploration interests to Lodore at cost.

Golden Gate has retained all of the production assets it acquired from Novus, leaving it with a 40% to 80% working interest in the PIJV production assets and a 40% to 50% working interest in the key PIJV exploration assets

Golden Gate intends to farm down its interest in the key exploration assets (Plum Deep, Manzano and Murdock South) to a target level of 20-30%. The Company is in discussions with a number of parties who are interested in participating in this ready-made, high impact exploration drilling campaign. The Board is confident of being able to farm down to such levels on terms that will be attractive to our shareholders. We are considering transactions that will cover a substantial portion of exploration and development costs that will leave Golden Gate with a reduced working interest (20-30%), as against transactions in which Golden Gate is exposed to making its own capital contribution and taking on more direct risk.

The addition of Lodore as a direct participant in the exploration of Padre Island adds financial and technical strength to the Padre Island Joint Venture. Information on Lodore may be obtained at its website (www.lodoreresources.com).

For further information contact:

Sam Russotti
Managing Director
Phone +61 2 6587 4348

Mark Freeman
Company Secretary
Phone +61 8 9324 1177