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AGREEMENT TO DRILL 337 BCF MANZANO DEEP PROSPECT

- Golden Gate reaches agreement with BNP to drill the Manzano Prospect
- Manzano has both a lower risk shallow objective and higher risk deeper target.
- The deeper target has P50 potential of 337 BCF of gas
- The well is scheduled to spud in this month
- Manzano has been a key GGP prospect since it entered the Padre Island JV in 2000.

Manzano Prospect, Padre Island, Tx, Operator 35 - 37.5% WI.

Further to the Company's announcement on 6 August 2007 the Board of Golden Gate Petroleum (ASX Code: GGP) announces that it has reached a settlement with BNP Corporation to drill the Manzano prospect. Manzano is one of the largest prospects identified in the Padre Island Joint Venture ("PIJV") area and the agreement reached with BNP paves the way for this large prospect to be drilled in the most cost effective manner, which is substantially below the original budget estimate.

Under the settlement agreement, BNP will drill the Manzano well to a depth of 10,500ft (vertical depth) for a turnkey fee of US\$4,500,000. GGP has a 35% interest in this section of the well that contains the shallow targets. If no commercial hydrocarbons are encountered above 10,500ft the PIJV will deepen the well to approximately 15,100ft (vertical depth) to test the deeper target. Where commercial hydrocarbons are encountered in the shallow section, the well will be completed in these shallow zones and produced from. Under the settlement agreement with BNP the well will need to be handed over to the PIJV at least 6 months prior to expiry of the leases (which is presently October 2008 but may be extended where a pooled unit is completed).

The Manzano Deep Structure is considered to be a world class exploration prospect with gross P50 reserve potential estimated to be around 337 Billion Cubic Feet of gas ("BCF") and an upside P10 potential of 816 BCF.

Golden Gate has a 37.5% working interest in the deep structure and will operate the well below 10,500ft.

The well is expected to commence drilling in January 2008 and take approximately 25 days to reach total intermediate depth of 10,500 ft. Deepening of the well to TD at 15,100ft is expected to take a further 45 days. As mentioned previously the deepening operation could commence as early as late February but the time of deepening is dependent on the results obtained in the interval to 10,500ft. If the well is completed in the shallow target and a temporary pooled unit is formed (temporary pooled units are normally for eighteen months) production will continue for 12 months at which point production will be suspended and the well deepened. If a temporary pooled unit is not granted deepening will commence no later than October 2008.

Board Comments

The Board is delighted to have finally reached agreement with BNP on commercial terms of drilling the Manzano prospect. Manzano is currently GGP's largest prospect on Padre Island and despite some earlier set backs in drilling these large, deep prospects, GGP believes Manzano does have superior qualities compared to the other wells drilled that make it an exciting prospect. Wells in this fault block have demonstrated the presence of gas and the location of the Stirrup field suggest the potential exists for reasonable reservoir development. Most important is the fact that some of the older wells on the North Murdock field have actually penetrated a higher pressure deeper sequence that is believed to be an important pre-requisite for a viable trap. Past wells in the deep section have provided varying degrees of optimism about the deep potential but despite encountering gas and actually recovering gas to surface on tests, a commercial discovery has not yet been made.

The agreement with BNP allows the PIJV to use existing drilling pads in the Padre Island National Seashore, which facilitates the logistics of drilling operations with significant drilling cost savings for the PIJV. Over the past few years there has been much work done by GGP and previous Operators as well as some very large companies on evaluating the Manzano prospect. All of this work contributes to the current positive view of the opportunity.

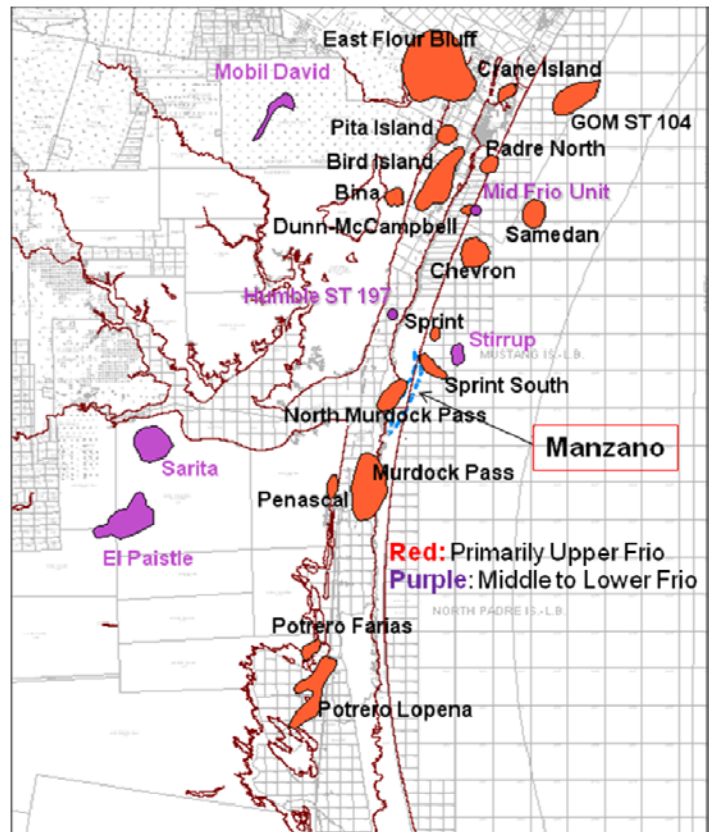
GGP currently has an interest in 5 producing wells on Padre Island that produce around 11,500 MCF per day (~ 3.6 MMCFDE GGP's gross share), the highest stable production rate so far. Over the past six months production from this area has risen over 100% and is now making a significant contribution to GGP's cash flow.

General Description of Prospect

Manzano is an upthrown three way fault closure which has lower Frio sands juxtaposed against middle Frio shales. Plum Deep (Drilled and suspended in January 07) is separated from Manzano by an eastern trapping fault.

Results at Stirrup field show, that reservoir quality can be highly variable laterally, such that the Plum Deep results do not necessarily detract from Manzano's prospectivity. The North Murdock Pass Field directly overlies Manzano, in the same fault block, and has produced 46 BCF from the Marg Frio reservoir. This means charge risk should be very low. The dominance of shale in the Middle Frio suggests that fault seal risk should be moderate, while trap risk is very low at Manzano. High quality 3D seismic data provides for confident mapping of the prospective structure.

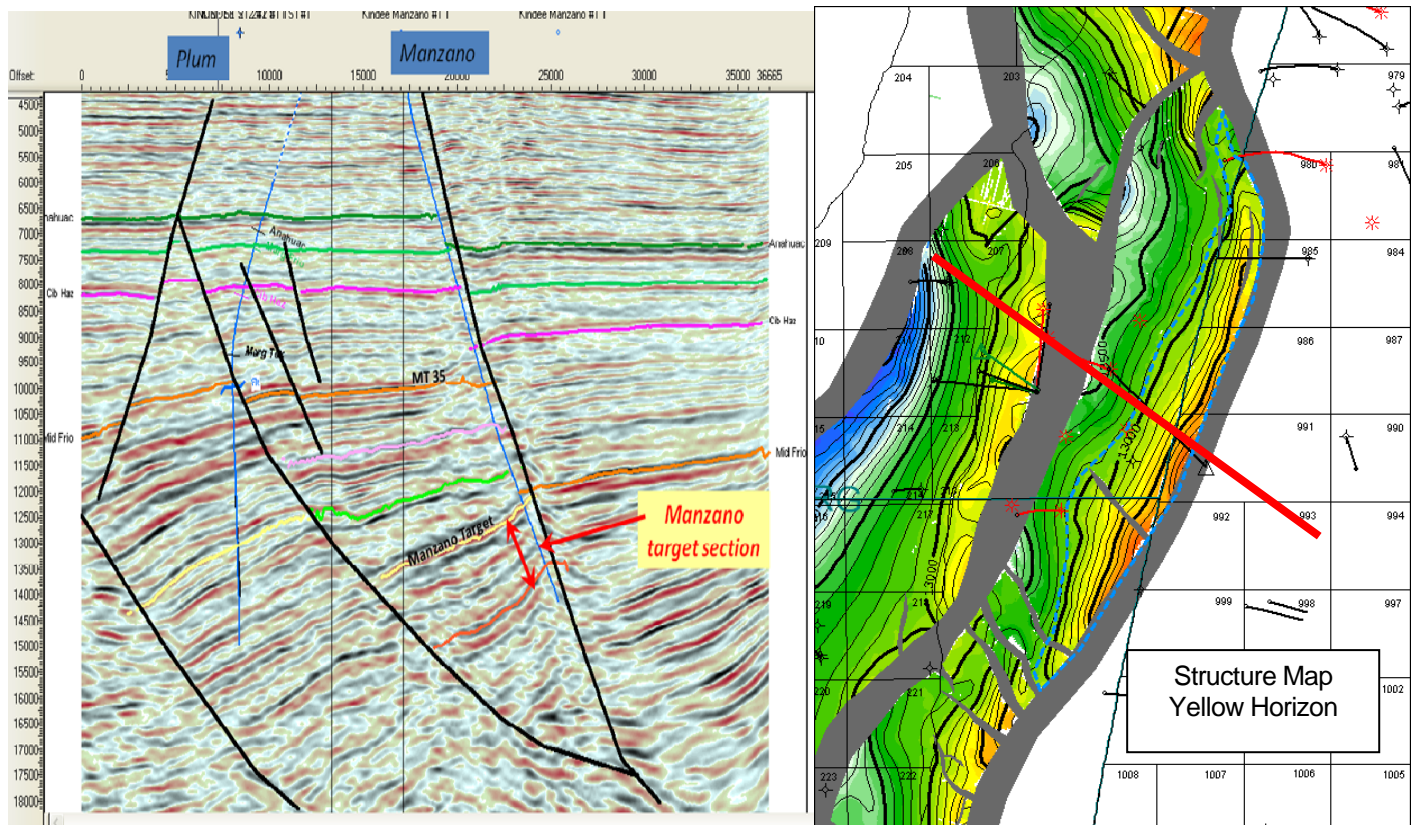
The age of the reflectors at TD lie between Uvig C and Anomalina F. The Manzano deep well plan is a fairly routine build and hold pattern, with a 15,100 ft TD. This design, which is possible due to the available surface location to the west, will test over 4,000 ft of trapped section with a series of prospective reservoir sands in the middle and lower Frio.



Most production has come from the Upper Frio, and in the 3D area itself about 99% of the total production has been from the Marg Frio, Cib Haz, and Marg Tex zones in the Upper Frio. About two-thirds of that has in turn come from the Marg Frio, which is the uppermost Frio sand, underlying the regional seal of the Anahuac Shale. Because of the thickness of the Anahuac, practically all three way fault traps are gas bearing.

There is considerable established gas pipeline infrastructure on Padre with substantial spare capacity. The natural gas flows through a working gas-gathering pipeline system of Padre Island through which it is connected to the gas grid of southern Texas, providing favorable contractual terms. Spare capacity in the Houston Pipeline is estimated at around 120mmcf/d. Any further discoveries would be connected to this system, permitting them to be brought onstream rapidly.

Seismic Data



Exploration History

Padre Island is a proven hydrocarbon area. Historically, drilling at Padre has been to shallower depths where substantial volumes of natural gas have been found and produced. Some 25 fields have been developed in and adjacent to the PI Project area which have produced in excess of 1.7 tcf (cumulative) of natural gas.

Exploration in the JV area began in earnest in the 1960's. Several large Upper Frio fields were discovered, notably by Humble (Exxon), Sun, and Chevron, but most have since been depleted. These include Potrero Lopena (46 BCF), Murdock Pass (274 BCF), North Murdock Pass (46 BCF), Bird Island (55 BCF), and Chevron (240 BCF) Fields. Also during this time, a handful of deep wildcats were drilled in deeper Middle Frio structures, mainly by Humble and Mobil, but apart from one modest Humble completion at ST 197 #1, these were unsuccessful, and Middle Frio exploration essentially ceased until the recent BNP and GGP operations commencing in 2001.

Recent shallow drilling on Padre Island has resulted in 7 out of 8 shallow wells being successful. This includes the recent drilling and completion of Wilson #1 and Dunn Deep # 2.

On behalf of the Board of Directors

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This report has been reviewed and signed off by Mr Sam Russotti, CEO, (BSc Geology) and Mr. Jeff Copley, Technical Director (BSc Geology & MSc. Geophysics), both with over 30 years experience in the oil and gas sector.

Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas 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.