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Market Release (*via electronic lodgement*)

ACQUISITION OF PERMIAN BASIN LEASES AND \$4.6M EQUITY RAISING

Golden Gate Petroleum (ASX: GGP) today announced the acquisition of 100% of the leases held by Arturus Capital Ltd (ASX: AKW) in the prolific hydrocarbon producing area of the Permian Basin in Reagan and Irion County, Texas. The leased acreage covers 8,806 gross acres. In addition, Golden Gate continues to work on acquiring additional acreage in the same area from private third parties to compliment the lease position being acquired from AKW.

Golden Gate will also undertake capital raisings of \$4.6m with the proceeds of the raising to facilitate the acquisition and appraisal program of the leasehold position. Golden Gate will be proceeding with:

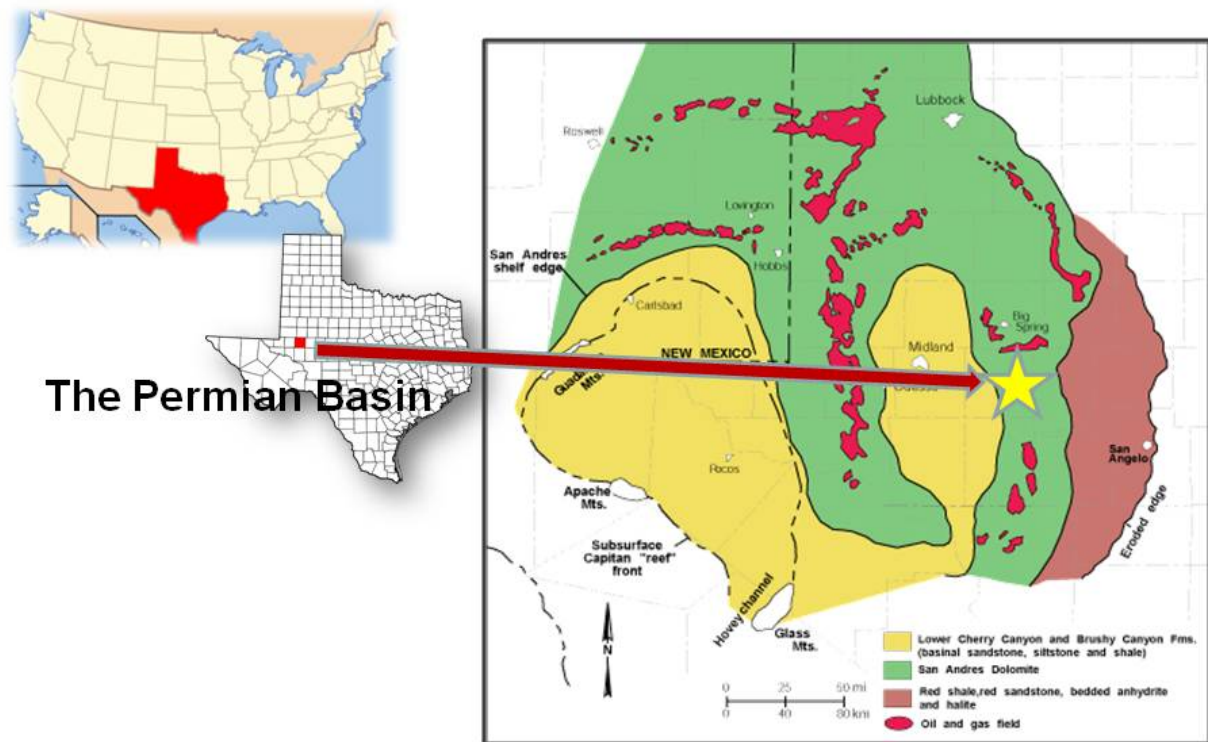
- Placement of 90m shares and 90m free attaching listed options (ASX: GGPO) at an issue price of 1.2 cents per share to raise approximately \$1.1m with Novus Capital Ltd; and
- Golden Gate will also commence a fully underwritten pro rata non-renounceable entitlement issue of one (1) Share for every three and a half (3.5) Shares held by Shareholders post the Placement for the issue of up to 304,521,892 Shares and 304,521,892 listed options (ASX: GGPO) at an issue price of 1.2 cents per Share to raise approximately \$3.6m (the "Issue") before costs. The Issue has been fully underwritten by Novus Capital Ltd.

The primary benefits of the AKW leasehold purchase and the acquisition of other leases to GGP shareholders include:

- GGP will have the opportunity for the first time to report oil and gas proven reserves (P1). Based on a recent reserve report of the asset, there are estimated to be reserves of 4.358 million barrels of proven oil reserves (mostly proven undeveloped) and 11.542 billion cubic feet of proven gas reserves over the entire acreage position GGP is in the process of acquiring.
- The proven reserves on the leases present the opportunity to drill and complete low risk development wells which will provide a balanced portfolio offsetting GGP's current higher risk exploration projects. Ultimately these new assets will provide an ideal funding source for continuing high reward exploration plays and reducing the dependence on share equity.
- The potential of each new well in this area is estimated to recover over 100,000 barrels of oil equivalent and cost approximately \$1.5 million to drill and complete. At today's \$80+ per barrel oil prices, there is a strong financial drive behind this project. In addition, the oil is high quality and includes very rich gas that also contains valuable gas liquids.
- By acquiring a large working interest with mainly a 75% net revenue interest in the very large 8,806 acre leasehold position, there is significant upside from probable resource recoveries well beyond the reserve study. Estimates from existing drilling programs in the region indicate that each 640 acre section has the potential to recover up to 1.5 million barrels of oil equivalent.

- Each well bore is likely to exhibit multi-pay intervals already producing in and around the leasehold position from 6 primary and secondary oil and gas bearing zones at shallow depths from 5,500 feet to 10,000 feet. Success rates from drilling in the area are over 99%.
- The onshore Permian Basin has a long history of oil and development and has received a renewed interest from both capital providers and industry participants. Holding a large working interest position provides GGP the opportunity to partner with companies looking onshore for new reserves to offset the long expected delays in permitting new wells particularly in the Gulf of Mexico. Discussions have already begun with one potential industry partner.

THE PERMIAN BASIN



Transaction Details

GGP will be purchasing the 8,806 acre leasehold position and the producing wells by issuing 196,000,000 listed ordinary fully paid shares (Share Component) in GGP along with a payment of US\$2 million. An initial US\$500,000 refundable deposit has been paid and the remaining balance of US\$1.5 million is to be paid within 3 months.

The settlement of the Agreement to purchase the leases is subject to and conditional on:

- all necessary regulatory and shareholder approvals including as required under the ASX Listing Rules and the Corporation Act; and
- Arturus receiving the necessary approvals to in specie the Share Component to its shareholders.

The agreement for Novus to underwrite the Issue is contingent on the acquisition of the Arturus Lease position.

Comments

The Board of Directors of GGP believes the acquisition of such a significant leasehold position under favourable terms will provide the Company with the foundation for the long term development of a low risk oil and gas production program. The project's eventual cash flow will assist with funding our existing exploration program where high rewards and risks need a strong and sustainable funding base. The current portfolio of exploration projects will be well balanced with a low risk cornerstone development program that can significantly help grow the company from internal resources on a long term basis.

On behalf of the Board of Directors

For further information contact:

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Golden Gate is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. Its focus of operations is onshore Texas and Louisiana Gulf Coast region of the USA.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Mark Decker, Geologist (BS. Geology), with over 34 years respective relevant experience within oil and gas sector.

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.