



GOLDEN GATE PETROLEUM LTD

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

566 Elizabeth Street,
Melbourne 3000
Victoria Australia

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



PO Box 12883
A'Beckett Street Post Office
Melbourne 8006
Victoria Australia

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

11 April 2011

Market Release (*via electronic lodgement*)

WOLFBERRY TREND DEVELOPMENT (PERMIAN PROJECT) UPDATE

The Company will be conducting a series of broker briefings this week in Melbourne, Sydney and Adelaide. A summary of the presentation is set out below. The full PowerPoint presentation will be available on the Company's website as well as the ASX website.

Summary

- As previously announced, the Company has acquired a proven high quality in-field development asset in a top ranked proven reserve location in North America—The Permian Basin
- 8,806 acres of oil and gas leases have been acquired in the Wolfberry Trend, South east of Midland, Texas.
- GGP retains a 100% working interest with a 75% net revenue interest.
- Compelling economics and terms indicate potential oil recoverable based on in ground value of over 10 times the current market cap of the Company
- There are active drilling programs in surrounding lease positions with over 90 new wells in the last three years and 40 new permits in 2011.

Wolfberry Trend

- The Wolfberry Trend (Spraberry / Wolfcamp) is a proven play with robust well performance.
 - Primary Zone: Spraberry / Dean, Wolfcamp & Strawn
 - Secondary Zone: San Andres, Clearfork & Atoka
- Wolfcamp Shale is a world class source rock in oil window with a hydrocarbon generating potential of between 2.24% and 7.24% on a TOC (Total Organic Carbon Content) scale. Such a high percentage of TOC implies significant material (generally) available for hydrocarbon generation.
- Revenue is based on light sweet crude plus high BTU gas which trade at a premium to West Texas Intermediate and Henry Hub--39 API Gravity Oil, 1.25MM BTU Gas. Long decline curve with over 30+ year production life.

Risks, Costs and Economics

- This project is a relative low risk development with less than 1% dry hole risk.
- Costs have been well-defined from hundreds of wells being drilled and completed in the Wolfberry.
- USD 1.5 million per well including multi staged fracture stimulating (fracing) has been confirmed.
- High density well spacing potential (40 acres per well) has been proven on adjoining acreage and across the Wolfberry Trend
- Cash flow is expected within 6 – 8 weeks from drilling / stimulation completions
- Low risk development project has less than 2 year payouts at USD \$80 per barrel for oil and USD \$4.50 per MCF for has prices accelerating at 5% per year.
- Strong cash flows can self-fund development program after initial drilling phase.

- Estimating over 1.0 million BOE recoverables per 640 acre section in Wolfberry – with over 12 sections in leasehold position.
- Revised reserve assessment needed to confirm approximately 4.0 million barrels of P1 reserves currently (pre drilling) over leasehold.
- Hedge-able production – Long oil/gas position
- Attractive well performance from surrounding producer
 - IP rates – 136 BOPD and 109 MCFPD with variations between wells
 - Tracking 5% exponential yearly decline rate of 30+ years
- Broad Oak Energy, Inc. a surrounding producer in Reagan County has:
 - 200+ producing wells – 10,000+ barrels of oil plus gas per day
 - Accelerated drilling / completions since 2008 – over 90 new wells
 - Continued aggressive permitting and drilling program, with 40 new permits in 2011 surrounding GGP leasehold position
- Chevron is also committing large \$\$ to the development of the Permian (see Wall Street Journal article below).

Operations

- GGP has select the first 10 well locations, preparing for surveying and drilling permits, bidding out surface location work and developed well and completion programs for the initial wells. GGP's drilling program is planned to start as early as May/June (subject to rig availability) with fracture stimulation to follow shortly after well completion.
- Kindee Oil & Gas (100% subsidiary of GGP) will be the operator with regional experts to support project management including Halliburton and others.
- Financing Initial wells to come from a combination of cash on hand, convertible notes and potential partnering
- Follow on drilling funded with revenues and production financing as required based on updated reserve position (P1).
- Objective to quickly self-fund an active drilling / completion program.

Summary

- World class source rock and proven development opportunity with over 100 well potential within leasehold which could recover over 10 million barrels of oil/gas.
- 100% working interest position in a low risk proven hydrocarbon producing region.
- New proven fracture stimulation technologies providing sound economic results in surrounding areas with the Wolfberry Trend.
- Development starting immediately.

For further information contact:

Chris Ritchie
 Financial Controller
 Phone +61 3 9349 1488
investor.relations@ggpl.com.au

About Golden Gate: Golden Gate is an independent oil and gas exploration and production company listed on the Australian Securities Exchange. Its focus of operations is onshore Texas and Louisiana Gulf Coast region and the Permian Basin 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 the 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.

Activity in the Permian Basin

“Chevron Rekindles Old Texas Flame”

Wall Street Journal April 7 2011 (WSJ.com)

MIDLAND, Texas- Climbing oil prices are making the aging oil fields of Texas’s Permian basin look attractive again to some big petroleum companies.

Chevron Corp. has pumped oil from this well-plowed area of west Texas and New Mexico since 1925. But in recent decades, as production in the area declined, Chevron and other companies used it primarily as a lab for oil-extraction techniques that could be employed in larger projects elsewhere.

This year, **Chevron**, the second-largest U.S. oil company by market value after Exxon Mobil Corp., **plans to boost investment to \$600 million in the Permian Basin**, 32% more than a year earlier, and **drill twice as many wells as it did in 2010** in the area. Its goal is to squeeze more oil out of these aging fields at a time when commodity – oil prices have risen to over \$100 a barrel – levels not seen since summer of 2008 – and access to oil in the Gulf of Mexico and lucrative foreign fields has become more of a challenge. The company is also seeking to employ new technologies only recently available to unlock significant amounts of Permian crude that were hard to reach before.

Some “people in the industry said the Permian Basin was used up, tapped out, yesterday’s news,” Chevron Vice Chairman George Kirkland told company employees here. But “we listened to veterans here who reminded us that the best place to find oil is where it has already been found.”

Chevron and other major oil companies, such as **Exxon Mobil** and **ConocoPhillips**, began refocusing on this flat, arid region dotted by hundreds of rusty pump jacks last year, after the federal government temporarily banned new exploratory drilling in the deep water Gulf of Mexico following BP PLC’s massive oil spill.

The revival of the Permian Basin is also driven by the widespread use of relatively new technologies such as hydraulic fracturing, which involves injecting a mixture of water, sand and chemicals underground at high pressures to release oil from hydrocarbon deposits. In recent years, this and other technologies have unlocked shale oil and gas that wasn’t previously accessible, leading to a boom of new wells across the country. Now they are being adapted and used to boost production from mature fields like the ones in the Permian Basin. Chevron and other are also planning to apply the techniques in previously unexplored shale areas of the basin.

The Permian Basin is especially attractive because its oil reserves, the second largest in the U.A. after Alaska, are already proven and its geology is very well known, said Mathew Jurecky, an analyst at energy consultant Wood Mackenzie. This means companies can update old wells with new technologies and add new reserves at a significantly lower cost than in other areas, such as the Gulf or Canada’s oil sands.

The downtown of Midland, where former President George W Bush grew up, is full of high-rises from a storied oil past. Nearby Odessa was depicted in H.G. Bissinger's book "Friday Night Lights" as a model of small-town Texas life, with its reliance on oil-field work and devotion to high-school football.

Oil production at the Permian Basin is less than half what it was in the early 1970's. But after a long decline, in the past five years production in the basin has reversed that trend, growing slowly but steadily. In 2010, the area's oil output rose 1.5% to about 891,600 barrels a day from the previous year. Wood Mackenzie said. The new flows of Permian oil helped U.S. production reach 5.61 million barrels a day last year, its highest since 2004.

The growing interest in the Permian Basin made it relatively easy for BP to sell assets there to Apache Corp. for \$3.1 billion last August, as part of the large sell-off it is undertaking to help pay for the Gulf of Mexico spill.

With an output of about 53,000 barrels of oil a day, Chevron, of San Ramon, Calif., is the fourth largest oil producer in the Permian Basin, behind Occidental Petroleum Corp., Apache and Concho Resources Inc., according to energy consultant HIS Inc.

For Chevron, the Permian Basin is especially significant because it has a bigger presence there than rival majors Exxon Mobil and ConocoPhillips said Fadel Gheit, an analyst at Oppenheimer & Co. A large part of the four million acres Chevron owns in the areas were acquired over many years, through the purchase of companies such as Gulf Oil in 1984 and Texaco in 2001.

Chevron said it currently operates 11,000 wells in the Permian Basin and that it plans to drill 350 wells this year.

Most of the company's wells are targeting deeper, tight rock formations that weren't previously thought of a reservoir-quality rock.

Some wells also use horizontal drilling, a recent innovation that helped unlock new oil reservoirs in North Dakota and southern Texas.

"This is a very, very mature basin, but our objective is to sustain production with new investment," Gary Luquette, Chevron's head of exploration and production for the U.S. and Canada, said in an interview. "The Permian is a very significant asset in our North America portfolio."