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Market Release (*via electronic lodgement*)

PERMIAN BASIN PROJECT UPDATE— TWO WELL DRILLING PROGRAM TO COMMENCE IN SEPTEMBER

Golden Gate Petroleum Ltd (ASX: GGP) is pleased to provide a market update on activities involving the Permian Basin Project and the commencement of a two well drilling program to start in September which is on plan with our earlier market updates.

Since purchasing the four leaseholds totalling 8,806 gross acres in Reagan and Irion County, Texas; GGP through its wholly owned US subsidiary, Cathie Energy Texas LLC, has been focusing on a development program covering the leasehold where GGP holds all rights to all intervals from the surface through the Wolfcamp and Strawn. Progress to date includes:

- A rig contract has been executed with Union Drilling Inc. (UDI) to drill two wells in September. Rig # 205 has been contracted to drill both wells back to back. UDI is a public company with over 50 rigs in operation, many of which operate in the Permian Basin. UDI has drilled numerous wells on the adjacent acreage surrounding the GGP leasehold with tremendous success, both from a commercial and financial standpoint.
- The lessor, the Texas Scottish Rite Hospital, has given their consent to drill on the leasehold and approval has been given for the two wells to be drilled at the identified locations. All permits are in place and work has commenced on arranging surface locations.
- A new Drilling Manager has been hired with a successful four year history of drilling Permian wells on the adjacent acreage. Recent drilling programs have been able to drill wells to approximately 8,500 feet in less than 10 days at costs under US\$ 600,000 which is below our original planning estimates. GGP has contracted the UDI rig at rates which are expected to result in these very competitive cost parameters.
- Plans are being put in place for a 10 well drilling program to begin before the end of 2011. New drilling locations are being selected and UDI is reviewing rig scheduling to support the new program.
- Further investigations into the drilling and completion success in our area have identified horizontal wells into the Wolfcamp intervals proving to be some of the most commercial and financially successful wells. Work has commenced on identifying drilling locations where 4,000 to 6,000 feet laterals can be drilled and completed at competitive rates with significantly higher production levels than straight holes. In the GGP leaseholds where not all intervals are available, horizontal drilling appears to be an excellent option to exploit the hydrocarbon riches.

As previously advised, challenges to certain leasehold positions have been presented. These challenges involve certain legal matters that originated from earlier disclosed events. Attempts to mediate these matters proved unsuccessful so far. Legal proceedings are scheduled for late September and will hopefully begin to resolve the outstanding issues. The current drilling program is not directly impacted by these proceedings.

For further information contact:

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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.