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Market Release (*via electronic lodgement*)

PERMIAN BASIN PROJECT UPDATE COMMENCED DRILLING OPERATIONS OF SECOND WELL

Golden Gate Petroleum Ltd (ASX: GGP) is pleased to announce the commencement of drilling operations at the SRH-A # 8A well located in Reagan County, Texas. Drilling began at 6 am on October 23, 2011 (US Central Time) and is currently at 611 feet where 8 5/8 inch surface casing will be put in place. This is the second well in a two well program. The first well, SRH-C # 6H, has been successfully completed with a significant oil and gas discovery.

These first two wells will be followed by many more wells planned over the 8,800 acre leasehold position in order to develop this highly regarded unconventional oil and gas resource representing the largest single project of known hydrocarbon development in the Company's history.

The SRH-A # 8A well is planned to be drilled to a depth of 9,500 feet and is expected to take 6+ days to reach total depth. Both mud logs and electric logs will be run to assist with the hydraulic fracturing program and the design of future wells including horizontal wells across the leasehold. GGP's experienced technical team will be closely examining various intervals in this well including the Upper and Middle Sprayberry, multiple Wolfcamp intervals and Strawn. All these intervals are oil and gas producers in the immediate area surrounding the leasehold.

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 Mickey McGhee, Geologist, with over 30 years of relevant experience within the oil and gas sector and an extended background in the Permian Basin.

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.