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Market Release (*via electronic lodgement*)

PERMIAN BASIN PROJECT UPDATE

PRODUCTION FLOW RATE AT 6H WELL RECORDS 379 BARRELS OF OIL PLUS GAS.

Golden Gate Petroleum Ltd (ASX: GGP) is pleased to provide an update of operational activities in our Permian Basin Project located in Reagan County, Texas.

The SRH-C # 6H well, the first oil and gas discovery in our Permian Project, flow tested and produced 379 barrels of oil and 328 mcf gas over a 24 hour period using variable choke settings and at stable flowing pressures. The well will continue to be monitored at variable settings in order to establish the optimum performance level for the fracture formations currently under production. Oil Sales have commenced and additional storage is being arranged given the high flow rates from the initial production. The 6H well continues to produce frac fluid/water. 267 barrels of frac fluid/water was produced over the recent production period and is expected to continue over the next couple of weeks.

Stephen Graves, Executive Chairman, said; "The initial oil and gas flow rates from the 6H well are well beyond early projections. We believe the high flow rates are due to our well plan which had us drilling deeper than other wells in the area; the concentration of the fracture stimulation program within the Wolfcamp formation, along with applications of the latest stimulation technology. All of these decisions have most likely contributed to the outstanding production rates we are seeing. With over a 100 wells to drill, the outlook is very promising. At current oil pricing, these wells are expected to pay out in just a few months."

The second oil and gas discovery at the SRH-A # 8A well will commence its fracture stimulation program within the next few days. Expectations for achievable production levels in the second well are as high as the first well based on electric log responses, our analysis programs and oil flowing to surface during the drilling phase.

The SRH-A 9M well is expected to commence drilling operations within the next couple of days. Equipment is being moved on site and readied for drilling. The well is planned to be drilled to a depth of 9,400 feet and should take around 8 days to complete. Once the 9M well is complete, the rig will be moved to our fourth location and commence drilling. These two wells will then be readied for fracture stimulation in January after the holidays.

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 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.