



GOLDEN GATE PETROLEUM LTD

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14 December 2011

Market Release (*via electronic lodgement*)

\$7M EQUITY RAISING

The Board of Golden Gate Petroleum Limited wish to announce that it is proceeding with a capital raising of approximately \$7 million to continue the development of the Company's oil and gas development assets, principally at the Permian Basin project.

The capital raising program will be structured as follows:

1. A placement of 85,000,000 shares with Novus Capital Ltd at an issue price of \$0.017 (1.7 cents) to raise \$1.45m. This placement is expected to be completed in the short term. This will be undertaken under the Company's 15% placing ability.
2. A further placement of 58,823,529 shares with Novus Capital Ltd at an issue price of \$0.17 (1.7 cents) to raise \$1.0m, subject to shareholder approval at a general meeting to be held in January 2012.
3. The Company will also undertake a fully underwritten pro-rata non-renounceable entitlement issue of one (1) Share for every 7 Shares held by Shareholders post the first placement for the issue of up to 263,850,384 Shares at an issue price of \$0.017 (1.7 cents) per Share to raise approximately \$4.5m (the Issue") before costs. The Issue has been fully underwritten by Novus Capital Ltd.

The pricing of the capital raising has been structured to allow shareholders to participate in the success of the Company's Permian Basin project and the Company's exploration projects at an attractive discount to the current market price.

The Company expects that the cash flow from production and a yet to be established production financing facility will contribute significantly to the ongoing development costs at the Permian Basin.

Progress to date at the Permian Basin project has seen the No. 1 Well (6H) record a successful initial production flow rate of 379 barrels of oil plus gas. The second well (8A) has been drilled and has successfully completed the hydraulic fracturing of the Wolfcamp Interval. The third well (9M) commenced drilling operations on Saturday 10 December and is expected to take around 8 days to complete. After the completion of the third well, the rig will move to the fourth location to commence drilling the fourth well.

In addition the Company expects to commence drilling the Huth prospect at Bullseye within the next week and test the Camerina Interval at Bullseye and drill the Sugar Valley #1 Well at the Bowtie West project in the first quarter of calendar 2012.

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 and the Permian Basin 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.