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Market Release *(via electronic lodgement)*

PERMIAN BASIN PROJECT UPDATE

6H WELL HAS PERMANENT PRODUCTION EQUIPMENT INSTALLED. WAITING ON GAS PIPELINE CONSTRUCTION

8A WELL SUCCESSFULLY COMPLETED HYDRAULIC FRACTURING. PRODUCTION EQUIPMENT BEING INSTALLED. OIL REPORTED TO SURFACE DURING FRAC FLUID RECOVERY

9M WELL WAS SUCCESSFULLY COMPLETED TO A DEPTH OF 9,454 FEET. PREPARATIONS UNDER WAY FOR FRACTURE STIMULATION SCHEDULED FOR THE SECOND WEEK OF JANUARY

9E WELL HAS COMMENCED DRILLING OPERATIONS AND IS DRILLING AHEAD AT 2,992 FEET. A NEW INTERVAL WILL BE TESTED IN THIS UP DIP WELL

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 first oil and gas discovery at the SRH-C # 6H well has had its permanent surface equipment installed. A gas pipeline is scheduled to be constructed from the well to the tie in point within the next week. The gas tie in point is only approximately 300 feet from the drill site and should only take a few days to complete installation.

The second oil and gas discovery at the SRH-A # 8A well has successfully undergone fracturing by Halliburton. The plugs have been drilled out and the well has flowed frac fluid to surface without artificial lift for several days. Permanent surface equipment including pumping unit is now being installed. Oil to surface was reported during the initial phase of frac fluid flow back.

The third well, SRH-A # 9M, was successfully completed to a depth of 9,454 feet. Open hole logging of this well was not conducted. Instead, the less expensive cased hole logs are being run to assist with hydraulic fracturing now scheduled for the second week of January. Both the 9M and 9E wells will undergo hydraulic fracturing back to back.

The fourth well, SRH-C # 9E, commenced drilling operations on 23rd December 2011. Surface casing was cemented in place and is currently drilling ahead at 2,992 feet. The total planned depth is 9,450 feet. This well is up dip to the earlier wells and will drill thru a new interval not tested in the first three wells.

Open hole electric logs will be run on this well to capture information on the new interval plus more data on the Wolfcamp Formation which is planned for our first horizontal well to be drilled early in the new year.

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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.