GOLDEN GATE PETROLEUM LTD

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13 January 2012

Market Release *(via electronic lodgement)*

$2.1M CONVERTIBLE LOAN FINANCING

The Company is pleased to announce that it has executed agreements with sophisticated professional investors,, through Novus Capital Limited, in relation to the placement of $2.1 million in convertible loans. These loans will convert to 42,000,000 convertible notes with a face value of $0.05, upon the refreshment of the company's 15% placing ability under Listing Rule 7.1 or upon shareholders approving the issue of the convertible notes at a subsequent general meeting.

If the 15% placing ability is not refreshed at the General Meeting scheduled for 30 January 2012, investors have the option to have the loans redeemed upon giving the Company 60 days' notice, in which time the company may call a further general meeting to approve the issue of the notes and / or arrange alternative financing to repay those investors that exercise their option to redeem.

The notes have the following key terms:

(1) The coupon rate is 11% per annum, payable quarterly in arrears;
(2) The principal is repayable on 31 December 2012; and
(3) The notes convert at maturity on a 1:1 basis, but may be converted prior to maturity at the lower of: $0.05 per Share; or 85% of the previous 10 day volume weighted average price of the Company's shares on ASX calculated from the date that the Company receives the Conversion Notice.

If the notes are issued under the refreshed 15% placing ability, The Company will seek a ratification of the issue of these convertible notes at a subsequent shareholders meeting.

The funds raised will be used towards the Company's ongoing exploration and development program.

The Company is continuing the preparation of the Prospectus for the previously announced 1:7 Entitlement Issue at 1.7 cents, which will raise approximately $4.5 million and expects to be able to make a further announcement in regard to the proposed dates in the next week.

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.