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Market Release *(via electronic lodgement)*

PERMIAN BASIN PROJECT UPDATE

SRH-1 (6H) WELL HAS GAS PIPELINE INSTALLED PLUS ADDING PERFORATIONS. EXPECTED TO GO ON PRODUCTION THIS WEEK. CONDENSATE RICH GAS SELLS FOR OVER US\$ 7 PER MCF.

SRH-2 (8A) WELL UNLOADING FRAC FLUID. OIL HAS BROKEN THRU. CURRENTLY PRODUCING OIL AT A 109 BBL PER DAY RATE AND INCREASING. GAS PIPELINE BEING INSTALLED THIS WEEK

SRH-3 (9M) WELL SUCCESSFULLY COMPLETED TO A DEPTH OF 9,454 FEET. CONDUCTING REMEDIAL CEMENT WORK IN PREPARATION FOR FRACTURE STIMULATION AT MONTH END (SOME DELAY IN FRACING DUE TO SEVERE WEATHER)

SRH-4 (9E) WELL HAS BEEN SUCCESSFULLY COMPLETED TO A DEPTH OF 9,454 FEET. A NEW BOTTOM HOLE INTERVAL (STRAWN) WILL BE TESTED IN THIS UP DIP WELL PRIOR TO FRACTURE STIMULATION

SRH-5H WELL, OUR FIRST HORIZONTAL WELL IS COMPLETING PLANNING PHASE. LOCATIONS AND RIG HAVE BEEN IDENTIFIED. NEW "SLEEVE" FRACTURE STIMULATION PROGRAM BEING REVIEWED WITH HALLIBURTON. SPUD DATE EXPECTED LATE FEBRUARY

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-1 (C # 6H) well has had its permanent surface equipment installed and a gas pipeline constructed and installed. Before putting the well back on production, we are adding perforations across the fractured intervals as part of our normal follow up subsequent to the "limited entry" fracture stimulation program (few perforations to gain maximum penetration).

The second oil and gas discovery at the SRH-2 (A # 8A) well has successfully undergone fracturing by Halliburton. A pumping unit has been installed and is currently pumping off frac fluid. Oil has broken thru and is currently increasing. The well is currently producing 109 bbl of oil per day with the oil production increasing. A gas pipeline is scheduled to be installed this coming week. The condensate rich and high BTU gas from the Permian wells sells for over US\$ 7 per mcf which is double the current dry gas prices.

The third well, SRH-3 (A # 9M), was successfully completed to a depth of 9,454 feet. Some remedial cement work is being conducted this week in preparation for fracture stimulation by Halliburton at month end. Severe weather conditions including snow accumulations have temporarily delayed some of the earlier announced planned events.

The fourth well, SRH-4 (C # 9E) was successfully completed to a depth of 9,452 feet. This well is up dip to the earlier wells and has drilled thru a new interval (Strawn) not tested in the first three wells. Current plan is to separately test the Strawn interval prior to Fracture Stimulation at month end along with the SRH-3 well.

The fifth well, SRH-5H is our first horizontal well which is expected to have up to a 30 stage fracture stimulation program (versus 6 or 7 stages for the vertical wells). The planning phase is being completed with locations and rig identified. Spud date for this well is planned for the end of February.

We are currently reviewing the possibility of utilizing the new "sleeve" technology for fracture stimulation. The new technology significantly reduces the time sequences between each frac stage. With up to 30 stages in a horizontal well, this new equipment can make a significant difference in costs and eventual payouts.

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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.