



GOLDEN GATE PETROLEUM LTD



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Market Release (*via electronic lodgement*)

EXTENSION OF FINANCE TERMS OF CONVERTIBLE NOTES

The Company advises that the 90% (\$2.7m) of holders of convertible notes that are due for redemption on 15 May 2009 have agreed to extend the term of the convertible note facility for a further 12 months on the following terms:

- Coupon rate of 15%;
- Conversion rate of a 10% discount to the 5 day VWAP but no greater than 7 cents per note;
- The proposal is subject to shareholder approval; and
- Best endeavors to undertake early redemption by the Company through either increased cashflow generation from its recently drilled well or other fundraising activities.

The additional capital now made available to the Company via the rollover of the Convertible Notes will provide greatly improved financial flexibility as it moves forward with the testing of the Jumonville #2 discovery which is due to commence in the coming weeks. Jumonville #2 has discovered oil and gas in multiple levels and could represent a major discovery. Apart from discovering oil and gas in most of its exploration targets, Jumonville #2 has also successfully appraised the oil zone in the Miogyp Formation which has been producing oil and gas since October last year. The established production infrastructure will allow the well to be brought into almost immediate commercial production assuming the upcoming testing operation yields positive results.

The Company is attempting to finalise acceptances on the remaining 10%.

The 90% acceptance by the existing note-holders is a pleasing result and represents confidence in the Company's projects.

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 of the USA.