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Market Release (*via electronic lodgement*)

COMPANY AND PROJECT UPDATE

Golden Gate Petroleum has made some significant advances over past months that continue to transform the Company. The Board is pleased to provide shareholders an update on those activities which have materially improved the outlook for the Company.

The advances include two new high impact projects and a significant improvement in the Company's financial position along with substantial changes to its shareholder makeup. The Company's new strategic direction is producing solid results which are leading to a more sustainable performance outlook.

Updates

- **Strategy** – GGP last year implemented a new refocused strategy to oil and gas exploration by balancing the development of existing discoveries with a goal of bringing on new exploration prospects that the company believes are low risk and low costs. These prospects were to remain focused in on-shore Texas and Louisiana where the Company has built a solid operational base and its knowledge base has grown tremendously. Each project is believed to be impactful due to the size of the prize but more importantly enables GGP to participate in more projects where overall risks and rewards can be better managed.
- **New Prospects** - GGP with a 20% working interest and operatorship in the **Fausse Point project** recently was able to successfully complete the TGR Well # 1 with a discovery in a potential new play type which could be a significant hydrocarbon accumulation well in excess of predrill potential gas resource estimates.
- During the first quarter, GGP announced acquiring 100% of the **Silverwood project** and has subsequently farmed down to a carried 30% working interest position in the first well along with maintaining operatorship. The overall resource potential for the project is 7.4 million barrels of oil and 12.3 million cubic feet of gas. Current plans have us commencing drilling operations in early June, slightly ahead of earlier announced timelines.
- In addition, GGP acquired a 15% working interest in a new project at **Napoleonville Salt Dome** in south Louisiana where new 3D seismic has indentified over 60 leads many of them low risk proven and undeveloped targets. The first of three wells at Napoleonville is planned to commence drilling on schedule in early May. Napoleonville has the resource potential for up to 500 billion cubic feet of gas.
- **Bowtie West** is an existing low risk prospect with over 50 billion cubic feet of gas reserve potential. GGP has an 18% working interest but is not the operator. Earlier plans advised by the operator were to commence drilling of the Sugar Valley Well # 1 in the first half of April. Unseasonal wet weather

conditions similar to what had been experienced at Fausse Point earlier this year have caused a delay with drilling to commence in May subject to improving conditions. While these circumstances are frustrating we are still on track to participate in three new wells (Napoleonville, Silverwood and Bowtie West) during the April to June quarter.

- **Bullseye Project** - GGP had announced plans to end limited production out of the Miogyp formation in Jumonville # 1 well and test the discovery of oil in the large Camerina section across the prospect. Further analysis and resulting changes to operational procedures have been successful in raising production from the Miogyp interval in the Jumonville # 1 well over the last several weeks. As a consequence, the partners in the Bullseye project have elected to keep oil and gas production going from the Miogyp interval in the Jumonville #1 well. Plans to test the Camerina will be dictated by the current oil production and continued financial benefits coming from the Jumonville # 1 well.
- **Financials** - Since 30 June, 2009 GGP has undergone a significant change in its financial position. Debt and Creditor obligations have been reduced by over \$12 million from repayments coming out of cash flow and equity issues. Almost all the \$6.5 million of convertible notes have been extinguished and other creditor obligations significantly reduced. The recent equity raises and the Share Purchase Plan is providing cash to fund the aggressive drilling program over the next six months.
- **Shareholders** - There has been a significant change in GGP's shareholders. Over 2,500 new shareholders have been added to the GGP register which is providing a more diversified shareholder base and greater market liquidity. Daily share turnover has increased four fold over the last nine months.

Comments

The Board believes that the new GGP strategy is moving ahead as planned with success at Fausse Point, the addition of two new prospects at Silverwood and Napoleonville and a much anticipated Bowtie West well to commence drilling shortly. The improved financial positioning of GGP allows us to participate in this diversified range of prospects all of which are impactful for the Company.

For further information contact:

Steve Graves
Managing Director

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.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Mark Decker, Geologist (BS. Geology), with over 34 years relevant experience within oil and gas sector.

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.