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FAUSSE POINT UPDATE—COMMERCIAL PRODUCTION COMMENCES

The Board of Golden Gate Petroleum Ltd (ASX:GGP) advises that commercial production has commenced from the T.G.R. Land Company, Inc #1 well at Fausse Point.

Initial gas production over the first 24 hours was at a rate of 750,000 cubic feet per day along with approximately 13 bbl of condensate coming out of the rich gas as pressures reduced at surface. There has been no water produced during the initial testing phase. Flow rates have not stabilized as yet. Various choke sizes and flow rates will be tested over the coming days in order to determine the optimal production levels from this lowest of six potential hydrocarbon bearing zones identified in the well.

The T.G.R. # 1 well drill site has been converted to a production facility with construction of a permanent pad. Production equipment including separators, dehydration unit and storage tanks are all up and running. A short pipeline is connected to the Arrowhead Pipeline Company who is purchasing the delivered gas. Texon has been contracted to purchase the condensate.

Further geoscience work is being conducted on the data from the initial well along with additional information including more seismic data on the Fausse Point salt dome. This work will provide a better indication of the potential size of the discovery and the best path to gauge and develop the overall commercial potential.

Analysis to date indicates that the lowest zone (8,370 feet) is possibly connected to a much larger hydrocarbon accumulation, and that this well has only just penetrated the edge of this larger accumulation. Whilst this zone was completed for production, it was not an original target and has the potential to represent a new play type. The two primary target objectives of the well that were intercepted at the shallower depths and were hydrocarbon bearing will also be evaluated from the added seismic data and tested in due course.



Comments

GGP and its Joint Venture partners are pleased to have commenced commercial production at Fausse Point and moving forward with generating cash flow, whilst we continue to evaluate all the data collected from the well. To bring a well like T.G.R. Land Company Inc #1 from pure exploration to production within such a short time frame and at relatively low cost is very pleasing and certainly one of the benefits of working onshore Gulf Coast, USA.

Persisting with testing this deep zone and bringing it into commercial production rather than moving up the hole and testing the numerous other zones is based on our expectation that we may have discovered something substantial in a new play type in this deep section that we requires further analysis. Fausse Point has been an extremely interesting well in that it has discovered hydrocarbons over multiple levels which is encouraging, however patience is required to fully understand each of these zones so as to optimise any appraisal drilling operation.

As reported previously the Fausse Point well has encountered three gas and oil formations starting at 7,000 ft. There have been several hydrocarbon zones identified across all three major formations which will form part of an exciting testing operation in due course.

Partners in the Fausse Point Project are:

Golden Gate Petroleum Ltd (ASX code: GGP)	18.00% WI
Verus Investments Limited (ASX code: VIL)	45.00% WI
Pass Petroleum L.L.C.	27.00% WI
Other	10.00% WI

On behalf of the Board of Directors

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), who has over 34 years respective relevant experience within the 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.