



(A B N 3 4 0 9 0 0 7 4 7 8 5)

Level 21, Allendale Square
77 St Georges Terrace
Perth WA 6000
Australia

PO Box Z5446
Perth WA
Australia 6831

Telephone: +61 8 9324 1177
Facsimile: +61 8 9324 2171

Email: admin@ggpl.com.au
Website: www.ggpl.com.au

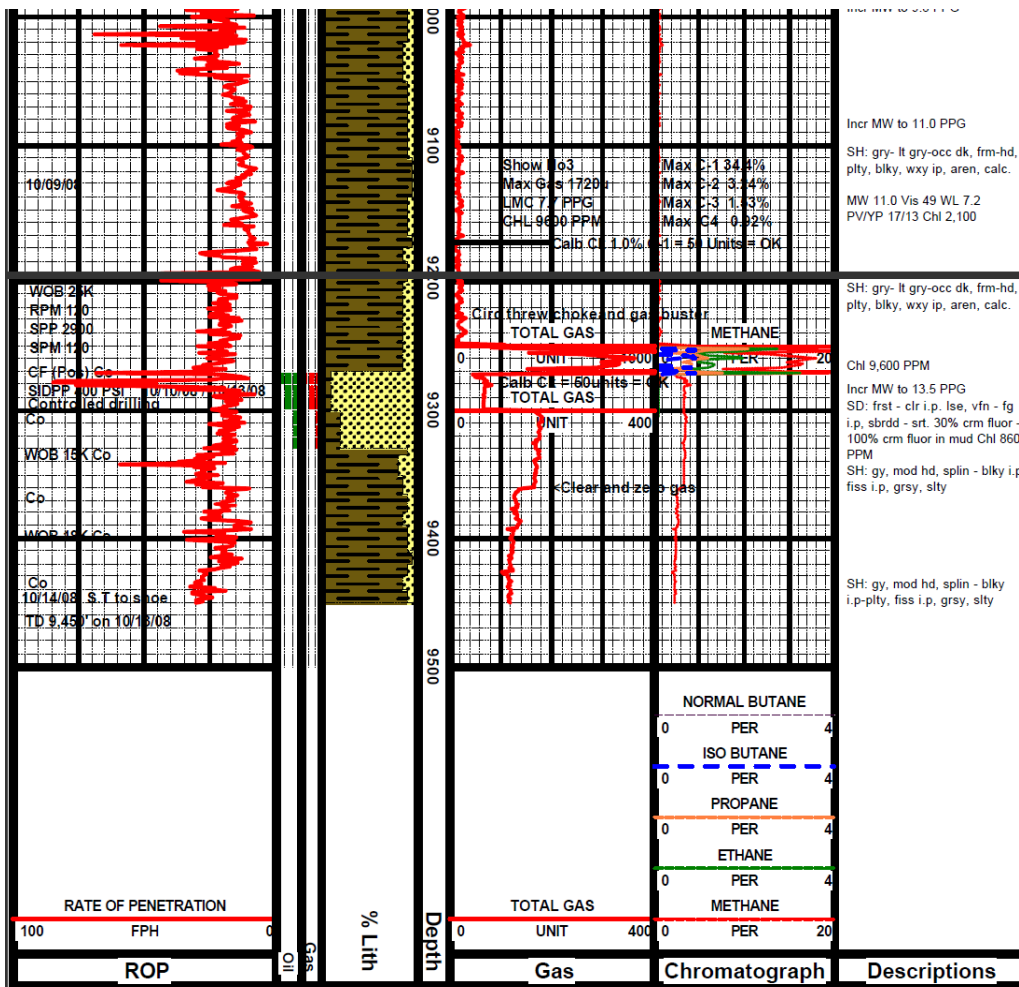
20 July 2010

Market Release (via electronic lodgement)

SILVERWOOD PROSPECT—COMMENCED DRILLING OPERATIONS

The Board of Golden Gate Petroleum Ltd (ASX: GGP) advises that the Richardson #1 well at the Silverwood oil and gas prospect has commenced drilling operations at 10:30 am (Houston time) on 19 July 2010 and drilling ahead at 300 ft. The well is planned to be drilled to a target depth of 9,600 feet and is scheduled to take approximately 12 to 14 days to reach the primary Vicksberg oil objective which is estimated to have potential reserves of 2.7 million barrels of high quality oil and 2.7 billion cubic feet of gas.

The following mudlog from an earlier well drilled into the Vicksberg Sand recorded the following oil and gas show and is similar to what we are expecting to see within the next two weeks.



The Vicksberg Sand is a medium grain sandstone in the prospect area and can be deposited in over 30 feet of thickness as documented by the isopack maps along the trend. Porosities range from 17% to 31% which means the wells in most cases are expected to flow without stimulation and the permeabilities are very high at over 5,000 md.

Please see Appendix 1 below on the Silverwood Prospect.

Partners in the Silverwood Project are:

Golden Gate Petroleum (ASX Code: GGP)	30.00% WI
Augustus Minerals Limited (ASX Code: AUJ)	40.00% WI
Pass Petroleum LLC	30.00% 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), with over 34 years respective 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.

Appendix 1

SILVERWOOD PROSPECT

Silverwood is a highly prospective and inexpensive onshore oil and gas exploration prospect which is situated under a developed oil and gas field discovered in the early 1950s. The field produced 7.3 Billion cubic feet of gas and over 800,000 barrels of oil from two shallower Lower Frio sands at a depth of 7,900 ft and 8,600 ft.

The Upper Vicksburg Age sand is found to produce in four nearby fields. Mapping of these nearby fields reveals an elongated island complex over 30 miles in length containing sandstone to be porous and permeable.

Three wells have been drilled to test the Vicksburg Sand after the field was fully developed from the shallower Frio sands. In 1982, the first well drilled into the Vicksburg sand began flowing oil and gas to surface uncontrollably due to a hole in the surface casing and had to be abandoned. A follow on well unknowingly drilled in a location of a tight inlet channel that crosses through the structure and was determined to be unproductive. In 2008, a third well drilled to the Vicksburg experienced a controlled blowout with significant oil and gas coming to surface due to the unexpected high formation pressure. This third well was not designed for the high formation pressures and eventually was abandoned.

The drilling to date into the Vicksburg Sand demonstrates the presence of a hydrocarbon trap, an efficient seal and the presence of quality reservoir rock with movable hydrocarbons. In addition, analog fields in the area show the Vicksburg Sand to be a commercial reservoir especially at current oil prices. The Company's geologists have also reviewed the 2D seismic presently available.

Drilling a fourth well into the Vicksburg Sand requires setting intermediate casing prior to reaching the target interval. The additional casing string and heavier weight drilling fluids are expected to control the formation's high geo pressure environment. GGP's experience in successfully drilling over pressured intervals at Bullseye and Fausse Point will be beneficial in designing and operating the Silverwood prospect. A well plan has been prepared in conjunction with consultants' expert in successfully dealing with similar geo pressured environments.

There is also a deeper target known as the Cockfield Formation (Eocene – Yegua) which is a known major producer in many fields within the area. The Cockfield is estimated to be a little over 2,000 ft deeper than the Vicksburg Sands in the Silverwood area. The trapping fault at Silverwood show considerable growth and expansion during Cockfield deposition which should provide large sand deposits. No wells have been drilled into the Cockfield Formation at Silverwood. If a discovery is made in the primary Upper Vicksburg sand then this well will be completed in this section and the deeper formation will become the subject of future exploration efforts.