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Manager Announcements
Companies Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Via facsimile

Dear Sir/Madam,

Update on Padre Island Ultra-Deep Farm-out

At a meeting in Houston on the 10th December, BP North America Ltd presented the results of its technical work on phases 1 and 2 of the Padre Island Project Area. The results of this work confirm the high potential of the section down to approximately 18,000 feet (the Deep Section). Reprocessed seismic and interpretation of that seismic have indicated a reduced reservoir and structural risk within the Deep Section. This implies that the potential of existing prospects should be upgraded. BP has assigned similar or higher P50 volume estimates to the prospects and in some cases these are double those carried by the Operator. Hand over of the technical data and interpretation is continuing and is expected to be completed over the next few weeks.

The Deep Section has always been the Joint Venture's main target and was the primary basis for the valuation included in Golden Gate's recent prospectus. That valuation did not ascribe any value to the "ultra deeps" which were never drilling targets for the Joint Venture because of the higher risk and cost associated with drilling of those prospects. Golden Gate's entry into and continued involvement in Padre Island is based on the potential seen within the Deep section.

BP, in presenting its conclusions advised that it would not be exercising its option to acquire any acreage or prospects under the "Farm-in Option Agreement" because the combination of the probable size of the Ultra Deep prospects and the potential deliverability of each well, were below its corporate materiality thresholds.

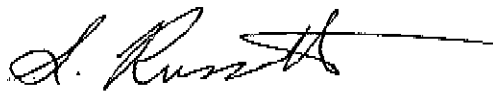
The managing director of Golden Gate Petroleum remarked, "we are disappointed that we will not have BP participating with us in Padre Island, however nothing that has occurred reduces our perception of the high potential within the primary area of interest (the Deep Section) and if anything the results of the technical study imply that that potential may be even higher than we originally thought. Golden Gate only had a small 2.25% reversionary interest in the Ultra Deep and although a success in that section would have been nice it would not have delivered "company making" cash flows to us.

The main task is for the Joint Venture to get on with the drilling of its prospects in the Deep Section. The Operator (Novus) has been making progress in preparations for the commencement of drilling and it is probable that the first well will commence prior to the end of this year."

Other important developments are that the price of gas in the USA has now risen above US\$6 per mcf and in November the Minerals Management Service of the US Government announced that its estimate of the deep shelf gas resources in the Gulf of Mexico had increased from 20 tcf to 55 tcf (an increase of 175%) The MMS estimate can be obtained from www.mms.gov (Release # 3012 of 19th of November).

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On behalf of the
Board of Directors



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