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Market Release *(via electronic lodgement)*

PERMIAN BASIN PROJECT UPDATE

UNLOADING FRAC FLUID AT # 6H WELL. OIL CUT INCREASING

PREPARING TO FRAC # 8A WELL. SPUD 3RD WELL NEXT WEEK IMMEDIATELY FOLLOWED BY 4TH WELL.

Golden Gate Petroleum Ltd (ASX: GGP) is pleased to provide an update of operational activities in our Permian Basin Project located in Reagan County, Texas.

The first oil and gas discovery at the SRH-C # 6H well has undergone a successful fracture stimulation. The well is currently unloading the 12,750 bbls of frac fluid used for the stimulation program. Approximately 1,800 bbls have been recovered under the well's own pressure. An electric submersible pump is being installed to complete the removal of the frac fluid. Oil and gas have been flowing to surface with the frac fluid, well in advance of any expected hydrocarbon returns. An initial production test on flow rates will be conducted next week along with initiation of oil sales.

The second oil and gas discovery at the SRH-A # 8A well is being prepared for hydraulic fracturing with frac tanks moved on site, water collection and well bore preparations underway. Halliburton has advised that the frac program should start within the next ten days.

The third and fourth wells in the planned 10 well drilling program are to be drilled in December. The UDI rig #261 is expected to move on site early next week and drill both wells back to back. These wells will be vertical and will be similar to the first two wells. We expect to complete both wells before year end and currently organising frac programs for January 2012.

The fifth well in the planned 10 well drilling program will be our first horizontal well into the Wolfcamp interval. It is expected to take approximately three weeks to drill and will be commence drilling operations in January 2012. Production rates from horizontal wells in our area appear to achieve three times the initial production rates of vertical wells, yet costs approximately twice the amount for vertical wells.

The SRH-A # 8A well to be stimulated next is estimated from log interpretations to contain 202,000 of recoverable oil from the sand and shales. This well was completed to a total depth of 9,500 feet with seven pay intervals identified from 5,474 to 9,321 feet. Log analysis counted 60 feet of conventional oil sand along with more than 1,250 feet of rich oil shales which is the primary target in this shale play. The Kerogen rich shales are showing a large percentage of brittle shales that are excellent frac candidates. Along with the high rich gas shows, the recovery rates per acre foot are expected to be higher than the first well.

Oil attributable to the conventional sand intervals ranges up to 97,000 barrels of oil with 1 to 2% recovery factors on 40 acre drainage area and assuming 40.4 barrels of oil per acre foot. Oil attributable to the shales average 105,000 barrels using only a 1% to 1.5% oil in place recovery in the shales. The estimated shale recovery factor ranges from 1.3 to 2.9 barrels of oil per acre foot.

The SRH-A # 8A well has twice as much Kerogen rich shale in the lower intervals than the first well along with extremely high gas shows and mud cuts while drilling. The lower intervals account for over 75% of the reserve tally. The gas shows were more numerous than the first well and reached in excess of 3,200 units while drilling or circulating. This well also had a very high oil recovery rate being collected at the surface while circulating, which is unusual for formations requiring stimulation to establish production.

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About Golden Gate: Golden Gate is an independent oil and gas exploration and production company listed on the Australian Securities Exchange. Its focus of operations is onshore Texas and Louisiana Gulf Coast region and the Permian Basin region of the USA.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Mickey McGhee, Geologist, with over 30 years of experience within the oil and gas sector and an extended background in the Permian Basin.

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.