



GOLDEN GATE PETROLEUM LTD

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

566 Elizabeth Street,
Melbourne 3000
Victoria Australia

Telephone: +61 3 9349 1488
Facsimile: +61 3 9349 1186



PO Box 12883
A'Beckett Street Post Office
Melbourne 8006
Victoria Australia

Email: investor.relations@ggpl.com.au
Website: www.ggpl.com.au

February 23, 2012

Market Release *(via electronic lodgement)*

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.



SRH-1 Well is being prepared for a new bottom hole pump configuration to deal with the gas locking occurring from the existing equipment. Gas locking is due to excess gas releasing from the oil as it flows up the well bore and pressures decline. It is not an unusual event with high gravity oil over a large open interval as seen in our producing wells. Adjusting production equipment in new multi stage fracture stimulated wells is a common sequence in the start-up of a major multi well development program. It is important for us to test various alternatives to maximize long term production.



SRH-2 Well is currently having its bottom hole pump configuration replaced for the same gas locking reasons that is being experienced in the SRH-1 Well.

SRH-3 Well is on production with the new pumping configuration and is working effectively. Approximately 20% of the frac fluid has been produced and oil has already broken thru with 10% of the total fluid production being oil. It normally takes over 40% of the frac fluid to be produced before oil begins to flow. It is believe the new pumping unit and our latest frac program is contributing to the earlier oil results.



SRH-4 Well is waiting on the SRH-1 and SRH-2 to have their pumping units replaced before going into production testing of the new deep Strawn formation not drilled or tested in the other three wells. The Strawn formation is hydrocarbon charged as gas and condensate have flowed to surface while undergoing the original well completion.



SRH-5H Well, our first horizontal well, continues to progress the necessary planning. The initial location has been determined and survey completed. Part of the planning process is to investigate the most successful fracture stimulation programs for the Wolfcamp interval being planned. In addition, new technologies recently introduced in the Permian Basin and Eagleford trends with excellent performances are being reviewed for their applications to our area.

3-D Seismic. GGP is negotiating participation in a new 3-D seismic program that will cover our leasehold in Reagan county where most of our acreage is located. 3-D seismic would enhance our capabilities in designing an extended horizontal drilling program especially over the new intervals outside the Wolfcamp. We believe that the current leasehold position could contain three intervals (not one interval) that can be horizontally drilled and fracture stimulated. This assessment increases the potential of the current acreage "threefold" over our original estimates. The cost for participating in an ongoing seismic program by another operator is two thirds less than initiating our own seismic program.

Project Partnering. GGP has been in discussions with other oil and industry related companies interested in partnering with us in the development of our acreage position which now appears to represent a project several times larger than originally estimated. A partner in this project would provide the added capital to take advantage of the multiple intervals that have the potential for horizontal drilling. It would also accelerate the development program to GGP's financial benefit.

New Permian Basin and Acreage Close By. GGP is examining other acreage positions in the Permian Basin close by where we can diversify and leverage our position based on the knowledge acquired both from a geologic and engineering standpoint. There have been several acquisition proposals presented and we are currently negotiating with other interested parties.

For further information contact:

Chris Ritchie
Chief Financial Officer
Phone +61 3 9349 1488
investor.relations@ggpl.com.au

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.