GOLDEN GATE PETROLEUM LTD

(ABN 34 090 074 785)

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

March 27 2012

Market Release *(via electronic lodgement)*

BOWTIE WEST PROSPECT COMMENCES DRILLING OPERATIONS

The Board of Golden Gate Petroleum Ltd (ASX:GGP) is pleased to announce that the Bowtie West prospect has commenced drilling operations on 25 March, 2012 with the spudding of the Sugar Valley # 1 well. The Sugar Valley # 1 well is currently at 430 feet and drilling ahead.

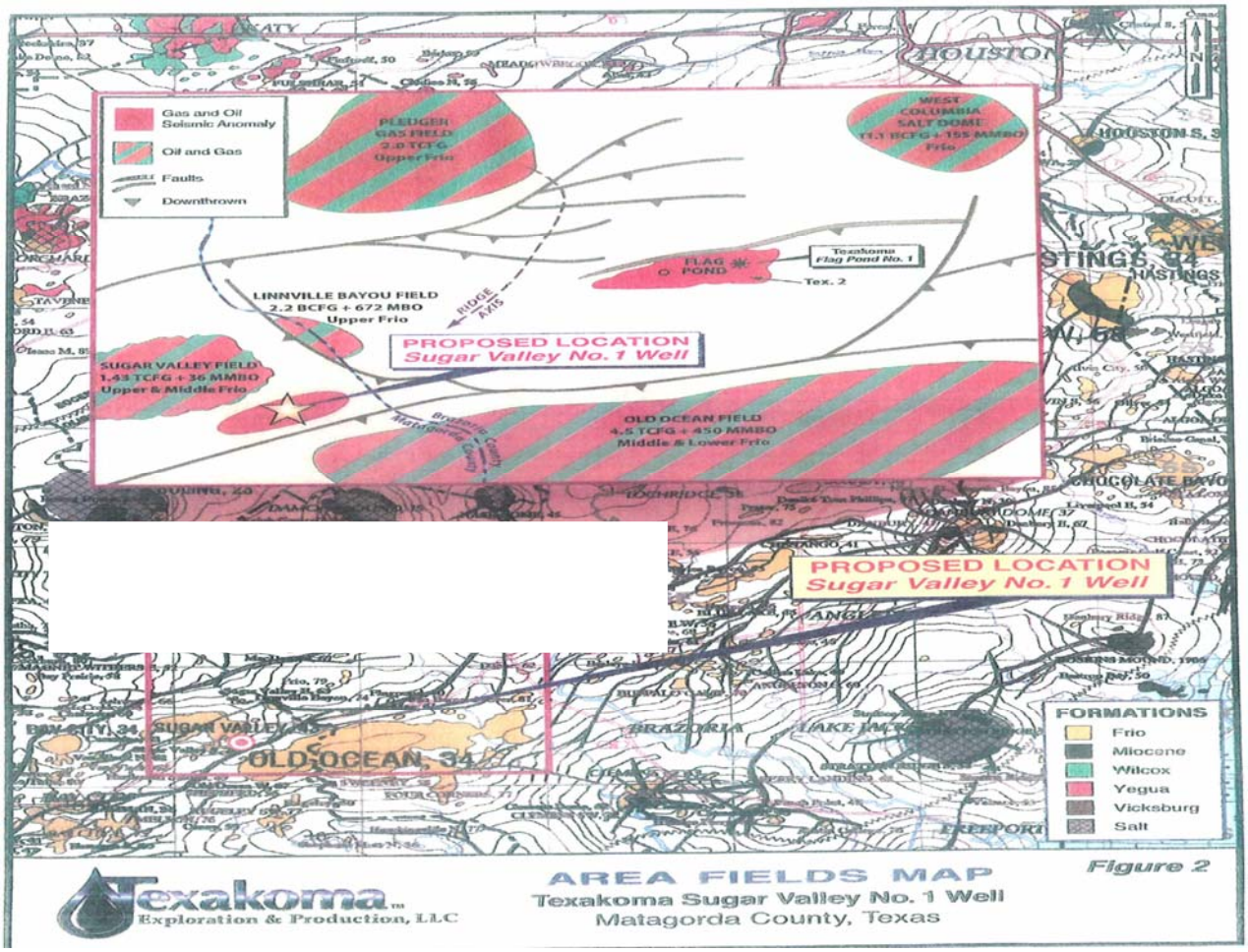
The Sugar Valley # 1 well will be drilled to an approximate depth of 13,000 feet and is located 60 miles southwest of Houston, Texas. The Sugar Valley # 1 well will be testing a Vicksburg sandstone reservoir known as the Tex-2 formation and shallower Frio sandstone reservoirs.

The Bowtie prospect is a moderately risked exploration prospect with prospective resources recently estimated by the operator at 30 billion cubic feet of gas on a high-side resource calculation basis and approximately 540,000 barrels of oil assuming a gas oil ratio reported in a down dip well which produced from the same structure back in the early 1970s. It would most likely require three wells to produce the in-place high-side resource potential of the Bowtie West Prospect.

Yarras Texas LLC, GGP's wholly own subsidiary, is paying 11.1% of the drilling costs to earn a 10% working interest in the prospect which is less than the original position held over the prospect given our on-going commitments to the Permian Project. While we are excited by the prospect opportunity, it became prudent to farm out a portion of our working interest to balance our overall portfolio.

The proposed Sugar Valley # 1 well will be located structurally up-dip from the Bouldin-Picton No. 1 well, the key offset well for the Prospect. The Bouldin-Picton No. 1 produced 5,549 barrels of oil and 476,720 MCF of gas from a 46 foot Tex. 2 sandstone reservoir in the early 1970s. The well ceased economic production apparently due to sandstone flow into the well-bore. The Sugar Valley No. 1 well will penetrate a seismic amplitude anomaly associated with the Tex. 2 sandstone updip from the Bouldin-Picton No. 1. The more intense amplitude reflectivity at the proposed up-dip Sugar Valley No. 1 well location could indicate both a thicker and more extensive reservoir than is present in the Bouldin-Picton No. 1 well. The Bouldin-Picton No. 1 well is within the down-dip fringe of the amplitude anomaly.

Geologically, the proposed Sugar Valley No. 1 well is located in the heart of one of the most prolific oil and gas producing trends in Texas (see Figure below) where production is from the Miocene, Frio, Tex. 2 and Vicksburg Formations. To the southeast is the world class Old Ocean Field. As of September 2011, Old Ocean has produced over 4.50 TCF (Trillion Cubic Feet) of gas and 450 MMBO (million barrels of oil). To the northeast is Pledger Field that has produced 2.018 TCF of gas and 3.1 MMBO and Sugar Valley to the northwest that has produced 143 BCF (billion cubic feet) of gas and 36.1 MMBO.



Another important nearby well is the Nobel Heckendorn No. 1 well that is located approximately 1.5 miles to the northwest of the proposed Sugar Valley No. 1 well. The Heckendorn No. 1 has produced over 5.36 BCF of gas and 165,346 barrels of oil from the Vicksburg between August 2001 and September 2011.

Recoverability of gas from clean, high porosity sandstone in this area is routinely placed at 2,000 MCFG per acre/foot (AF) based on reservoir pressure and porosity. An appropriate "high-side" resource calculation could use an area of 300 acres, recoverability of 2,000 MCFG per AF and reservoir pay thickness of 50 feet considering the overall geometry of the reservoir. This gives 30 billion cubic feet (BCF) of gas for the high-side resource potential of the Sugar Valley Prospect which would require multiple wells to fully develop these "in-place" resources. This could yield 10 BCF of gas per well for a three well program. Choosing an intermediate case of an area of 200 acres, pay thickness of 35 feet, and a recoverability of 1,800 MCFG per AF, resources could be approximately 12.6 BCF of gas for the prospect or approximately 6 BCF of gas per well for a two well program.

Oil resources likewise are best represented by a range that is dependent on the ratio of the amount of oil produced relative to the amount of gas produced. The gas to oil ratio reported for the Bouldin-Picton No. 1 well is approximately 56,000:1, which equates to approximately 18 barrels of oil per million cubic feet of gas. Therefore, for the proposed Sugar Valley No. 1 well the high side case of 10 BCF of gas could yield oil resources of approximately 180,000 barrels and the intermediate case of 6 BCF of gas could yield approximately 108,000 barrels of oil.

On behalf of the Board of Directors

Steve Graves
Executive Chairman

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.