



GOLDEN GATE PETROLEUM LTD

(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

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



PO Box Z5184
Perth WA
Australia 6831

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

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Market Release (*via electronic lodgement*)

PLACEMENT & NOTICE OF UNDERWRITTEN RIGHTS ISSUE

Golden Gate Petroleum Ltd (ASX:GGP) is pleased to inform the market that it has agreed to place 40 million shares to sophisticated investors, through a private placement raising the sum of \$1.4 million. The shares will be issued at a price of 3.5 cents each together with a 1 for 2 free attaching option exercisable at 8 cents each on or before 31 August 2012. The shares will be issued under the Company's 15% capacity in accordance with listing rule 7.1 whilst the options are subject to shareholder approval.

The shares will be issued to clients of Novus Capital Ltd (AFS licence 238168).

The Company also advises that it is proceeding with a fully underwritten non-renounceable Rights Issue on a 1 for 3 basis at the issue price of 3.5 cents per share together with a 1 for 2 free attaching option exercisable at 8 cents each on or before 31 August 2012. The Company will be seeking ASX quotation of the options. The Rights Issue provides the opportunity for shareholders to participate on the same terms as the placement completed through Novus Capital Ltd.

The Company has entered into an agreement with Novus Capital Ltd to underwrite the Rights Issue.

The intended Rights Issue is expected to result in the issue of 104 million new shares and 52 million options in the Company and will raise an estimated \$3.65 million before costs. This Rights Issue combined with the Private Placement mentioned above will inject more than \$5m into the Company.

GGP has also come to an agreement with one of its major shareholders, Eastern Advisors Capital Ltd ("Easterns") which have been a recent seller of GGP shares. As part of this agreement Easterns have sold its position in GGP down to 10% via an off market transaction and has agreed not to sell additional GGP shares for a period of three months.

The proceeds from the Placement and Rights Issue are to be used for exploration and development of the Company's United States oil and gas projects. The General Shareholders Presentation lodged on 3 August 2009 included some new planned exploration wells planned over the coming months. Further details of these potential projects are expected to be announced over the coming weeks.

Comment

The Placement and Underwritten Rights Issue, combined with GGP's current oil and gas production at Bullseye will significantly enhance the company's financial position and allow it to continue to develop its oil and gas portfolio. Bullseye's gross production is currently approximately 800 bopd of oil and 450 mcf per day of gas (GGP's working interest 33.25%).

GGP has also initiated discussions with its convertible note holders with a view to converting a portion of these notes into equity to reduce debt. Several of the Note Holders have already confirmed their intention to convert their note to equity and the Company hopes to announce these details shortly.

On behalf of the Board of Directors

For further information contact:

Steve Graves
Managing Director
Phone +1 805 469 4656

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.