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3 March 2010

Market Release (*via electronic lodgement*)

SILVERWOOD PROSPECT PARTNERSHIP COMPLETED

The Board of Golden Gate Petroleum Ltd (ASX:GGP) is pleased to announce that it has entered into an agreement with Augustus Minerals Limited (ASX: AUJ) ("Augustus") to participate in the Silverwood oil and gas prospect. Under the agreement Augustus will earn a 40% working interest in the prospect and GGP will retain a 30% working interest and operatorship in this high impact oil and gas exploration project located onshore south Louisiana. Preparations have begun to drill the initial well in June 2010.

Augustus will contribute an estimated US\$880,000 towards the dry hole cost of drilling the first well with an additional estimated US\$240,000 towards completion costs in the event of exploration success. Total dry hole costs for drilling the first well is approximately US\$ 1.1 million.

Comments

The GGP Board is pleased to have completed the partnership group in preparation for drilling a low risk, high impact well at Silverwood in south Louisiana where we have gained experience with our Bullseye and Fausse Point projects.

The Silverwood project fits nicely into GGP's strategy of focusing primarily on high quality oil based prospects in shallow onshore areas where known hydrocarbons are present. Silverwood also adds to diversifying our prospect portfolio with smaller working interest positions while retaining project control. This overall strategy is believed to provide GGP the best chance of long term success.

Silverwood Highlights

- The Silverwood project has a of potential resource of 7.4 million barrels of oil and 12.3 billion cubic feet of gas, and is part of GGP's strategy to invest in low-cost, high impact, known hydrocarbon bearing areas which in the Company's view are moderately low risk in onshore Louisiana or Texas where its knowledge base and operational experience has been established from its other projects.
- The prospect is located under an existing field which produced 7.3 billion cubic feet of gas and 841,000 barrels of oil on a fault closure. Two high quality targets have been identified. The primary target called the Vicksburg Sand is mainly shallow oil (9,300 ft) and the deeper target (Cockfield) is oil and gas (11,600 ft).
- The current plan is to drill a Vicksburg Sand test well adjacent to earlier wells that reached the Vicksburg Sand and flowed oil and gas to surface but mechanically were not prepared for the unique geo pressured environment now known to be found in the Vicksburg Sand at Silverwood.
- The potential oil resource of the Vicksburg Sand objective is estimated at 2.7 million barrels of oil and 2.7 billion cubic feet of gas. Average cumulative production per well is around 211,000 barrels of oil and 0.2

billion cubic feet of gas. Initial flow rates are planned to be around the 200+ barrels of oil per day level, although the over pressure environment may significantly increase initial flow rates.

- The potential oil resource of the Cockfield objective is estimated at 4.7 million barrels of oil and 10.3 billion cubic feet of gas. An initial test well of the deeper Cockfield is planned as a second test well once the operational environment of drilling the Vicksburg Sand is fully understood.
- The initial well is planned to commence drilling by June 2010. Site work is minimal and infrastructure is close by. Total dry hole cost to drill the initial well to the Vicksburg Sand is approximately US\$1.1 million. The Company's share of dry hole costs is estimated at up to US\$110,000.
- The Silverwood exploration project adds another high impact exploration opportunity with near term upside to the current Fausse Point project and the planned Bowtie West project. These high impact exploration wells which are relatively low cost provide good upside for GGP when combined with the current cash flow from Bullseye.

SILVERWOOD

Silverwood is a highly prospective and inexpensive onshore oil and gas exploration prospect which is situated under a developed oil and gas field discovered in the early 1950s. The field produced 7.3 Billion cubic feet of gas and over 800,000 barrels of oil from two shallower Lower Frio sands at a depth of 7,900 ft and 8,600 ft.

The Upper Vicksburg Age sand is found to produce in four nearby fields. Mapping of these nearby fields reveals an elongated island complex over 30 miles in length containing sandstone to be porous and permeable.

Three wells have been drilled to test the Vicksburg Sand after the field was fully developed from the shallower Frio sands. In 1982, the first well drilled into the Vicksburg sand began flowing oil and gas to surface uncontrollably due to a hole in the surface casing and had to be abandoned. A follow on well unknowingly drilled in a location of a tight inlet channel that crosses through the structure and was determined to be unproductive. In 2008, a third well drilled to the Vicksburg experienced a controlled blowout with significant oil and gas coming to surface due to the unexpected high formation pressure. This third well was not designed for the high formation pressures and eventually was abandoned.

The drilling to date into the Vicksburg Sand demonstrates the presence of a hydrocarbon trap, an efficient seal and the presence of quality reservoir rock with movable hydrocarbons. In addition, analog fields in the area show the Vicksburg Sand to be a commercial reservoir especially at current oil prices. The Company's geologists have also reviewed the 2D seismic presently available.

Drilling a fourth well into the Vicksburg Sand requires setting intermediate casing prior to reaching the target interval. The additional casing string and heavier weight drilling fluids are expected to control the formation's high geo pressure environment. GGP's experience in successfully drilling over pressured intervals at Bullseye and Fausse Point will be beneficial in designing and operating the Silverwood prospect. A well plan is being prepared in conjunction with consultants expert in successfully dealing with similar geo pressured environments.

The initial well is planned to commence drilling by June 2010. Site work is minimal and infrastructure is close by. Total dry hole cost to drill the initial well to the Vicksburg Sand is approximately US\$1.1 million.

The Cockfield Formation (Eocene – Yegua) is a known major producer in many fields within the area. The Cockfield is estimated to be a little over 2,000 ft deeper than the Vicksburg Sands in the Silverwood area. The trapping fault at Silverwood show considerable growth and expansion during Cockfield deposition which should provide large sand deposits. No wells have been drilled into the Cockfield Formation at Silverwood.

RESOURCE POTENTIAL

The first well will test the Vicksburg Sand which is estimated to have potential resources of 2.7 million barrels of oil and 2.7 billion cubic feet of gas over 525 productive acres. The pay interval is projected to vary between 15ft to 30ft with porosities ranging from 17% to 31% and good permeability as recorded in the sand body across the barrier island. Each well is forecast to have an average cumulative production of 211,000 barrels of oil and 0.2 billion cubic feet of gas with 10 wells required to develop the field. Initial flow rates are estimated at 200+ barrels of oil per day, although the geopressured nature of the formation may yield significantly higher flow rates.

The Cockfield Sand is estimated to have a potential resource of 4.7 million barrels of oil and 10.3 billion cubic feet of gas. These estimates are based on recoveries at a nearby field producing from the Cockfield Sand.

Partners in the Silverwood Project are:

Augustus Minerals Limited (ASX Code: AUJ)	40.00% WI
Golden Gate Petroleum (ASX Code: GGP)	30.00% WI
Pass Petroleum LLC	30.00% WI

On behalf of the Board of Directors

For further information contact:

Steve Graves
Managing Director

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.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Mark Decker, Geologist (BS. Geology), with over 34 years respective relevant experience within oil and gas sector.

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.