GOLDEN GATE PETROLEUM LTD

Quarterly Activities Report

For the three months ended 30 September 2011

COMPANY INFORMATION

Golden Gate Petroleum Ltd

ABN 34 090 074 785

COMPANY DIRECTORS

Steve Graves – Executive Chairman

Frank Petruzzelli – Director

Frank Brophy - Director

MANAGEMENT

Chris Ritchie – Financial Controller

Chris Bowyer - Company Secretary

STOCK EXCHANGE LISTING

Australian Stock Exchange

ASX Code: GGP

Current Shares on Issue: 1,544,410,183

Market Capitalization as at 26 October 2011 based on a share price of $0.018 AUD $ 27.8 million

Highlights

Permian Basin

* The first well was successfully drilled and completed during October. The initial estimate from log analysis of recoverable oil is approximately 260,000 barrels from a 130 feet of oil sand and 1600 feet of oil rich shales.. Gross revenue value is approximately USD 20 million at USD 80 per barrel oil price.

* The second well spudded on 23 October and has reached 5,539 feet drilling towards a total depth of 9,500 feet.

* Permitting has been completed for a 10 well drilling program. The next two well sites for vertical wells are being prepared. Planning for the first horizontal well is underway.

Napoleonville

* Dugas & Leblanc #3 well commenced production from the main target interval on 18 October 2011. Oil production is currently exceeding 200 barrels per day and over 1.7 million cubic feet of gas production per day

Corporate

* On 13 September shareholders ratified the previous issue of AUD 1.5 million of convertible notes and approved a capital raising of up to AUD 2.5 million.

* Cash balance as at 30 September 2011 was AUD 1.7 million.

Production for the Quarter

	Total Production		GGP Share	
Well	Oil BBL	Gas MCF	Oil BBL	Gas MCF
Jumonville #1	1,537	6,500	763	3,526
Jumonville #2	3,993	6,798	2,166	3,688
Dugas & Leblanc #3	1,057	161,759	159	24,264
	6,587	175,057	3,088	31,478

During the quarter the Company's estimated gross share of production was 3,088 barrels of oil and 31.5 million cubic feet of gas. At current oil and gas prices net revenue to the Company is estimated at USD 110,000 per month.

Permian Basin Project (Wolfberry Trend)

During August 2011 the Company executed a rig contract with Union Drilling Inc. (UDI) to drill two wells. The SRH-C #6H has been drilled, completed and readied for a fracture stimulation program by Haliburton. The SRH-A #8A is currently drilling.

Rig # 205 was contracted to drill both wells back to back. UDI is a public company with over 50 rigs in operation, many of which operate in the Permian Basin. UDI has drilled numerous wells on the adjacent acreage surrounding the Company's leaseholds with tremendous success, both from a commercial and financial standpoint.

The lessor, the Texas Scottish Rite Hospital, gave their consent to drill on the leasehold and approval to drill at the identified locations. Permitting was complete and work commenced on arranging surface locations

A new Drilling Manager was hired with a successful four year history drilling Permian Basin wells on the adjacent acreage. Recent drilling programs have been able to drill wells to approximately 8,500 feet in less than 10 days at costs under US$600,000 which was below our original planning estimates.

Planning commenced for a 10 well drilling program to begin before the end of calendar 2011. Drilling locations were selected, permitting completed and work on the first two new drill sites has been started.

Further investigations into the drilling and completion success in our area had identified horizontal wells into the Wolfcamp intervals proving to be the most commercial and financially successful wells. Work commenced on identifying drilling locations where 4,000 to 6,000 feet laterals can be drilled and completed at competitive rates with significantly higher production levels than straight holes. In the Company's leaseholds where not all intervals are available, horizontal drilling appears to be an excellent option to access the hydrocarbon resources.

The Company confirmed that challenges to certain leasehold positions had been presented and that these challenges involved certain legal matters that originate from earlier disclosed events. Attempts to mediate these matters proved unsuccessful. Legal proceedings are continuing but are not expected to impact on the Company's drilling program.

Drilling operations commenced at the SRH-C #6H well located in Reagan County, Texas on 7 October 2011. The well was planned to be drilled to a depth of 9,200 feet and expected to take approximately 8 days to reach total depth. Mud logs and electric logs were to be run to assist with the hydraulic fracturing program and the design of future wells including horizontal wells across the leasehold. The Company's experienced technical team has been closely examining various intervals in the well including the Upper and Middle Sprayberry and multiple Wolfcamp intervals. . All these intervals are oil and gas producers in the immediate areas surrounding the leaseholds.

By October 2011 permitting had been completed for the next 10 well drilling program, 6 of these wells are expected to be straight holes with fracture stimulation across the intervals expected to be the most productive, and 4 are expected to be horizontal wells.

On 17 October 2011 the Company announced that the SRH-C #6H well had encountered at least three oils shows on mud logs. The oil shows covered multiple intervals and extend for several hundred feet of formation with good to bright oil cut fluorescence and increased background gas.

On 21 October 2011 the Company announced the SRH-C #6H well as a significant oil and gas discovery. The well had been drilled to a total depth of 9,235 feet and electric logs had been run over the targeted intervals

Eight pay intervals ranging from 5,220 feet to 9,176 feet were identified. There appeared to be over 130 feet of conventional oil sand along with approximately 1,600 feet of rich oil shales interspersed among those sands which had been identified for testing and fracture stimulation. The decision was made to complete the well.

During circulation, the mud weight had declined due to oil flowing into the circulating mud. Several barrels of oil were recorded at the surface. Normally, these formations require stimulation for oil to flow. As a consequence, expectations were that some of the intervals to be tested would most likely produce at above normal flow rates given that the oil is flowing to surface before any fracturing treatments.

Haliburton was selected to run the testing and hydraulic fracture stimulation program which was estimated to commence in mid- November 2011.

On 24 October the Company reported that the recoverable oil estimated from log analysis is approximately 260,000 barrels for the SRH-C #6H well and is valued at approximately USD 20 million in gross revenue, assuming a USD 80 per barrel oil price. This figure has been based on an estimate of total oil attributable to the conventional sands of 136,000 barrels assuming a 40 acre drainage area and a recovery factory of 25.85 barrels of oil per acre foot.

Additional oil attributable to the rich oil shales is estimated to be 124,000 barrels of oil assuming a 1% recovery of the oil in place which works out to be 1.94 barrels of oil per acre foot. Over half the recoverable oil will be determined by this analysis will come from the extremely rich Upper Wolfcamp interval. Recent horizontal drilling has targeted the Wolfcamp interval. This interval is expected to be the target interval for the Company's first horizontal well to be drilled early next year.

The SRH-C #6H well was completed on 22 October 2011 and the rig moved to the SRH-A #8A well site. This well spudded on 23 October 2011 and at the date that this report is issued had reached 5,539 feet drilling towards a total depth of 9,500 feet.

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Bullseye Project

Shallow Laurel Ridge (Huth) Prospect at Bullseye – Jumonville #4

All permits are in place, the location prepared and the Justiss Drilling Company Rig #61 was scheduled to arrive at site on 18 October 2011. Due to delays in the previous contract the rig has been delayed and a revised commencement date will be advised shortly.

The Huth Prospect is comprised of the mineral rights down to 11,000 feet which contains the producing zone at 10,100 feet (the Huth Sand). The Huth Sand has produced over 2.3 million barrels of oil and in excess of 2.5 billion cubic feet of gas.

Based on 3D seismic review and recent log indicators, there may be significant amounts of recoverable oil remaining in the Huth Sand with 4 locations to be drilled. The Huth Sand has averaged 291,000 barrels of oil from the 8 wells produced from the interval.

The Company has the rights to a 21.0% working interest after paying 25% before casing point in the first two wells. Leased acreage covers 910 net acres with a 72.0% net revenue interest. Kindee Oil & Gas, Louisiana (Kindee) will be the operator and will handle the production once a successful well is completed.

Initial daily production rate is estimated at 100 to 200 barrels of oil equivalent (most oil). The oil is high gravity (38 API gravity). Drilling and completion of the initial Shallow Laurel Ridge well is estimated to cost USD 1.0million for the dry hole with the drilling rig provided on a fixed turnkey price. Completion costs are approximately USD 580,000.

The Company's net cost to participate in the initial well through completion is approximately USD 250,000 in net cash, after offsets for services provided. It is expected that a successful well will have an estimated payout of less than six months.

Both Huth Sands are a combination of structure and stratigraphic traps. The Huth interval is above the deeper Camerina, Miogyp and Cib Haz intervals where the Company already has the mineral rights. At Bullseye, leases are depth severed and the Company has not had the minerals rights to these shallower prospects.

The 10,100 feet Huth Sand has permeabilities in the 250 to 900 md range; porosities of 25 to 30% and is normally pressured with a GOR of 1,100 to 1. The prospect trap as covered by 3D is a way closure bounded by a stratigraphic pinch out.

The initial well will test the 10,100 feet Huth Sand as an offset to Kindee's 2009 Jumonville #2 well. The #2 well logged 5ft of net oil pay carrying 20 ohms of resistivity in the 10,100 feet Huth Sand.

Partners in the Bullseye Project are:

Jumonville #1 & Jumonville #2

Company	WI
Golden Gate Petroleum Ltd	54.25%
Pantheon Resources Plc.	11.25%
Verus Investments Ltd (ASX:VIL)	10.00%
IB Daiwa Corporation	8.00%
Quest Petroleum ML (ASX:QPN)	5.00%
Other Partners	11.50%

Shallow Laurel Ridge (Huth)

Company	WI
Golden Gate Petroleum Ltd	21.0%
Other Partners	79.0%

Napoleonville Project

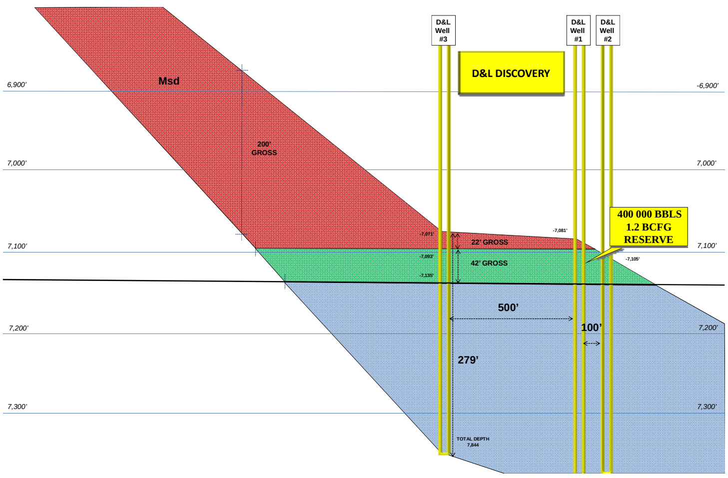
Dugas & Leblanc #3 Well

The Dugas & Leblanc #3 well spudded on 16 April 2011 and was placed on production on 19 July 2011 at an initial rate of 1,500 mcf/d in the 10ft "Stray B" sand on a 10/64th inch choke.

During July 2011, production rates increased to over 4,000 mcf/d on a 16/64th inch choke. In addition the well was producing 30 – 35 barrels of oil per day with no water production. .

By September the well had produced approximately 162 million cubic feet of gas and 1,050 barrels of condensate since coming onto production in July.

The partners then elected to temporary suspend production to test the primary objective the M Sand.



Following a reserve review by our partner Grand Gulf Energy Ltd, the estimated hydrocarbon potential in the M sand are as follows:

	Oil (BBL)	Gas (MCF)
Projected Recoverable Reserve	400,000	1,200,000

The reserve potential of the M sand is expected to increase with reservoir performance data.

On 18 October the M Sand was successfully perforated and placed on production. The well had initial flow rates of 160 barrels of oil per day and 1.150 million cubic feet of gas per day from a 9/64 inch choke. Recent production rates have increased to over 200 barrels of oil per day and approximately 1.7 million cubic feet of gas per day from a 10/64 inch choke and constant flowing pressures.

Partners in the D&L#3 well are:

Company	WI
Grand Gulf Energy Ltd	39.4%
Golden Gate Petroleum Ltd	15.0%
Other Partners	45.6%

Dugas & Leblanc #1 Well

The Operator's insurers have paid USD $ 18.5 million toward the blowout costs of the Dugas & Leblanc #1 well. The Company has paid its deductible to its own insurers and does not expect any further exposure.

Fausse Point Project

TGR #1 Well - Sidetrack

On 14 June 2011 the Company advised that an appraisal well was to be drilled at Fausse Point as a side-track to the TGR #1 well targeting a potential 200 acre hydrocarbon accumulation over two primary intervals up-dip from the original well. The fault block to be drilled has no previous penetrations of the targeted pay interval and is estimated to contain up to 20BCF (3.5 mm BOE) of recoverable gas on an un-risked basis.

The new well will be drilled as a deviated well from the existing pad to a depth of approximately 9.950 ft. with targeted intervals being approximately 920 ft. from the TGR #1 Well. The side-track will utilise the existing wellbore and will require approximately 2,300 ft. of new wellbore to be drilled at a maximum deviation of 37 degrees.

On 21 July 2011, our partner Verus Investments Limited (ASX:VIL) advised that it was reviewing the option to farm out a portion of their 72.0% working interest in Fausse Point. As a consequence, the side track to the TGR # 1 well will be delayed. Both the Company and VIL remain committed to the project.

Seismic data suggests the new targeted interval is a sand shale sequence with multiple sands in an up-thrown fault block that closes against salt with the up-dip part of the trap believed to be below a salt wing where the reservoir sands are “stray” channel sands. At least one of the new targets ties back to a nearby producing well. The pay found in the TGR #1 Well proves hydrocarbon charge and sand presence below the unconformity and the salt wing.

A detailed drilling proposal which includes a well drilling cost estimate has been prepared. The surface facilities including production equipment and gas pipeline remain in place. Additional leasing to cover the new targeted structure has been arranged.

Given the new target will be accessible from the existing TGR #1 Well location with a side-track from the original wellbore and all surface and production equipment being in place, the drilling costs are expected to be significantly less than drilling and completing a new well to a similar depth.

The TGR #1 Well drill-site remains in good condition and was not impacted by the flooding of the Mississippi River during June 2011.

The original TGR#1 Well at Fausse Point had been extremely encouraging in that it discovered hydrocarbons over multiple levels, However, patience and some very time consuming detailed technical work was required to fully understand each of the zones so as to optimise any appraisal drilling operation.

Based on the significance of the test results of the TGR #1 discovery well, the commitment was made by the partners to acquire more 3-D seismic, reprocess the data and complete the interpretational work.

This has been an expensive and time consuming process and is now t 100% complete, however from the re-interpretation and information developed it appears the time and effort has paid off with new significant targets which can be drilled at low cost.

The Company has an 18% working interest in the project and is the operator.

Fausse Point – New Shallow oil Target

By utilising the reprocessed 3D seismic covering 50 square miles of the Fausse Point Salt Dome, the Company has been able to identify a separate shallow oil target within the Area of Mutual Interest (AMI) shared by the working interest partners at Fausse Point.

This new objective is an oil sand approximately 3,000 feet measured depth and covers approximately 200 acres. The potential recoverable resources estimated at this early stage is approximately 2.4 million barrels of oil in a 100 acre trap assuming 30% recovery factors. The sands are estimated to be 70 feet thick with good porosity. There are analogue wells which have produced from these sands which are located around the Fausse Point Salt Dome.

The Company is continuing to complete the leasing of the targeted are and is examining potential drill sites within the wetland area. Given it is a valued oil prospect and the ease of drilling the shallow depth, the Company is moving ahead with the development of this prospect. Permitting will take time and is expected to start shortly.

Partners in the TGR Lands #1 target are:

Company	**WI**
Golden Gate Petroleum Ltd	18%
Verus Investments Ltd (ASX: VIL)	72%
Other Partners	10%

North Edna Project

The Richardson #1 well was shut in during June 2011. Partners have elected to exit this project.
The Company is assessing a number of options and retains an 85% working interest in the project and is the operator.

3D Seismic Project

The Company has owned or has acquired three 3D seismic licences covering Fausse Point (Louisiana) Magnet Withers (Texas) and Padre Island (Texas). The Company continues to reprocess the data with latest techniques to identify prospects never previously identified. The Company is continuing to build a prospect inventory.

The Company intends to build a leasehold position and promote prospects, which will enable the Company to earn a carried position in initial exploration wells.

Bowtie West Project

Bowtie West (Sugar Valley # 1) is ready to drill and the Company is currently waiting on the operator to contract a rig and schedule drilling operations targeting the prolific Vicksburg sandstone reservoir. This project is a relatively low-risk exploration prospect with prospective resources estimated at 51 BCFG and 1.7MMBO.

Analogue producing wells exist nearby, with IP's > 8 MMCFG per day and cumulative production of >10 BCFG.

The Company has an 18% working interest (paying 20%) in the Bowtie West project.

Partners in the Bowtie West project are:

Company	WI
Golden Gate Petroleum Ltd	18%
Verus Investments Ltd (ASX:VIL)	18%
Other Partners	64%

Padres Island Project

The operator is still in bankruptcy.
The Company is examining various options to further develop its knowledge base and seismic licence.

Corporate

In July, the Company signed a term sheet in regard to an AUD 15m , 3 Year Equity Financing Facility with Roswell Capital Partners, based in Atlanta, Georgia, USA.

The Company elected not to pursue this facility due to a change in market conditions. The Company has entered negotiations with an alternative financing facility and will advise the market as soon as (and if) a new facility is finalized.

On 13 September, shareholders at a general meeting ratified the previous issue of convertible notes to the value of AUD 1.51 million and approved a capital raising from a private placement to professional and sophisticated investors of up to AUD 2.5 million.

Cash balance as at 30 September 2011 was AUD 1.7 million.

For further information contact:

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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 and Permian Basin regions of the USA.

Competent Persons Statement:

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

The information in this report concerning the Permian Basin project has been reviewed and signed off by Mr Mickey McGhee a Geologist with over 30 years' experience within the oil and gas sector and an extended background in the Permian Basin.

Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas 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.