

Quarterly

Report for the three months ended 31 December 2009

Share Price 4.7 cents

Shares on Issue 621,759,331

Market Cap \$A29m

Directors & Management

Mr Sam Russotti | Chairman

Mr Steve Graves | Managing Director

Mr Frank Petruzzelli | Director

Mr Frank Brophy | Director

Mr Chris Bowyer | Company Secretary

**Gas Price
(Henry Hub)** US\$5.40 MMBTU

Oil Price US\$74BBL

Highlights

- Fausse Point spudded on 5 December 2009 and successfully completed in mid January 2010. Testing operations on up to six intervals planned over next few weeks.
- Acquisition of Modena Resources Ltd's (ASX: MDA) 9% of Bullseye Project bringing Golden Gate's working interest to 42.25%.

Production

- Golden Gate's current average gross share of production was 187 bbls oil per day and 310 mcf gas.
- Total gross share of production for the quarter was 16,813 barrels of oil and 27,893 mcf of gas.

Corporate

- Placement of shares and options and note redemptions made during the quarter raise working capital and reduce debt.
- Rights Issue completed in October
- Mr Frank Brophy appointed to Board
- Results of Annual General Meeting on 30 November 2009



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Louisiana Fausse Point & Bullseye

Fausse Point Project

Fausse Point Project, Iberia Parish, Louisiana, Operator 20% WI

Fausse Point spudded on 5 December 2009. The primary target was shallow oil at between 7,000 – 8,000 feet and a deeper secondary target of gas at 7,500 – 9,000 feet.

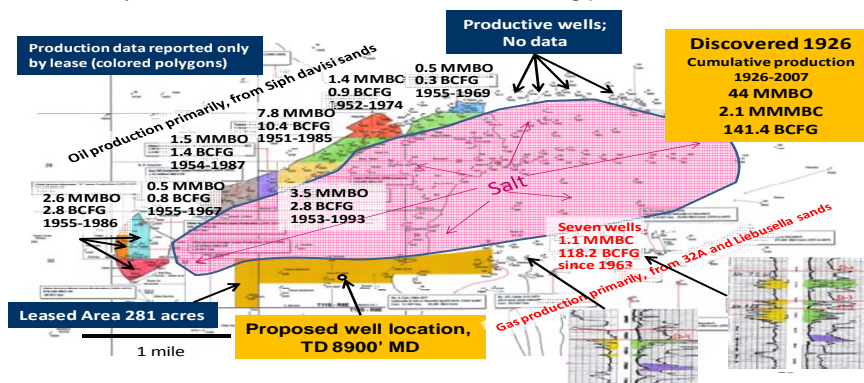
The well was completed in mid January and encountered three separate gas and oil formations starting at around 7,000 feet. There had been numerous zones of interest encountered across these formations. The lowest formation which extends over 300 feet has recently been logged and includes several zones of interest with some showing good permeability, porosity and oil/condensate in the sample cores.

Preliminary geologic analysis has identified six primary zones of interest across these formations and these have been selected for testing. The intervals to be tested total approximately 120 feet.

The current proposed extensive testing program will start with the lowest interval and then sequentially test each interval on the way up the hole. If the first interval proves commercial, testing will in most likelihood cease and preparations will begin to bring the well onto commercial production. Other zones may then be evaluated as part of a future appraisal program which will include drilling other wells.

Fausse Point Project

- An attractive and inexpensive oil and gas prospect on a producing salt dome field
- Relatively shallow drilling targets (< 9,000 ft) and low-cost wells
- Reserve estimate: 7.4 MMBO, 24.2 BCFG (P50)
- Moderately low risk (reservoir, trap, and seal are effective in adjacent areas)
- GGP's share of dry hole cost estimated at US\$ 250,000. Drilling planned in November



Bullseye Project

Jumonville #1 Bullseye Prospect, Iberville Parish, Louisiana, Operator 42.25% WI

The well produced 3,553 bbl of oil and 5,092 mcf of gas for the quarter ending 31 December 2009.

Due to reduced hydrocarbon production the Joint Venture has commenced preparations for testing of the Camerina interval.

Jumonville #2 Bullseye Prospect, Iberville Parish, Louisiana, Operator 42.25% WI

The well produced 43,366 bbl of oil and 20,370 mcf of gas for the quarter ending 31 December 2009.

East Texas

Bowtie West #1, Brazoria & Matagorda County, Tx, Non-Operator 18% WI.

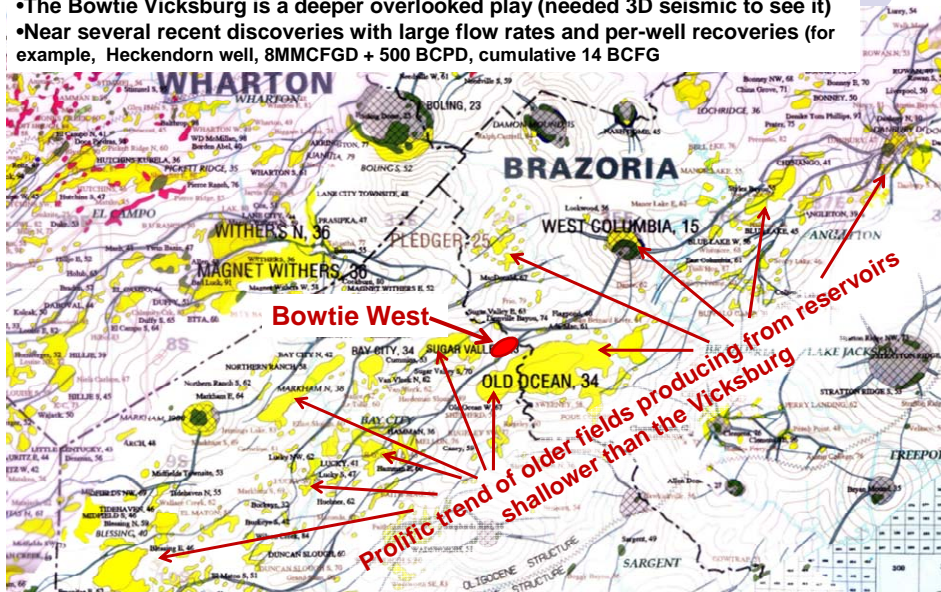
Bowtie West, announced in the October 2009 investor presentation, remains scheduled to be drilled in the first quarter of calendar 2010. The post-dry-hole evaluation showed that reservoir sands are visible on seismic (strong amplitude anomaly equals thick reservoir sand, calibrated in nearby prolific Vicksburg producers) but that the Bowtie East well was not drilled into an amplitude anomaly. The Bowtie West prospect has a strong amplitude anomaly that extends widely over the prospect; the down-dip Halbouty well in this prospect also missed the amplitude anomaly (see map below).

Bowtie West is a relatively low-risk exploration prospect with prospective reserves estimated at 51 BCFG and 1.7 MMBO. Recently acquired acreage could substantially increase potential. Analogue producing wells exist nearby, with IPs greater than 8 MMCFG per day, and cumulative production of more than 10 BCFG.

GGP has 18% WI in the Bowtie West prospect and will be paying 20% of costs.

Bowtie West Prospect

- Is in a prolific fairway of previously developed shallower large oil and gas fields
- The Bowtie Vicksburg is a deeper overlooked play (needed 3D seismic to see it)
- Near several recent discoveries with large flow rates and per-well recoveries (for example, Heckendorn well, 8MMCFGD + 500 BCPD, cumulative 14 BCFG)



Padre Island

Production & Operations

Gross gas production for the quarter was 53,591 mcf. The Company advises that the Dunn McCampbell 11A is the only well presently on production and the Company is continuing to assess options for recommencement of production from the La Playa and Mid Frio wells where there are either new gas bearing intervals that need to be tested or further production from existing intervals.

The Company advises that the current operator remains under financial constraints having now entered chapter 11 bankruptcy which continue to impact future operations. The situation is being monitored and the Company will take whatever actions necessary to continue operations.

Production

for the quarter ended 31 December 2009

During the quarter Golden Gate's estimated gross share of production from its USA operations was 16,813 barrels of oil and 27,893 mcf of gas. At current oil and gas prices net revenue to GGP is estimated at A\$300,000 per month.

Corporate

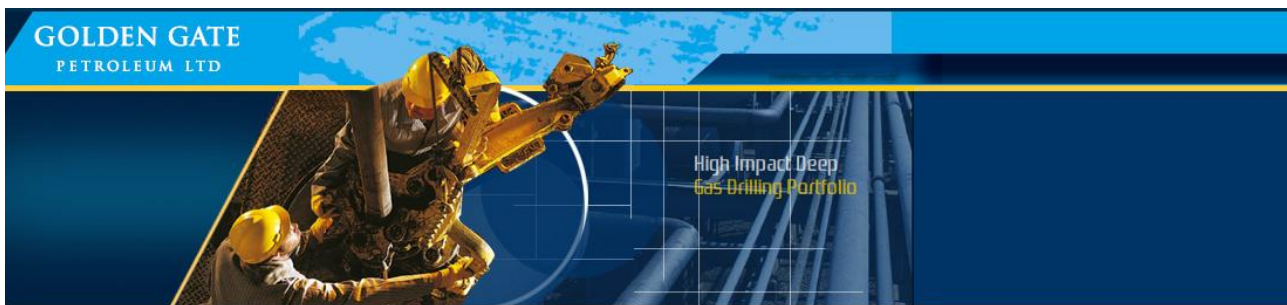
Acquisition of Modena Resources 9% working interest in Bullseye and 10% interest in Wilson

On 21 December 2009 the Company announced the acquisition of a further 9% working interest in Bullseye and 10% working interest in Wilson prospect on Padre Island from Modena Resources Ltd.

Total consideration for the sale was 16,000,000 listed ordinary shares, A\$300,000 in cash plus the cancelling of current outstanding billings and receivables of approximately US\$159,000 owed by Modena. The share issue and cash consideration was completed on 6 January 2010.

Underwritten Rights Offering

On 4 September 2009 the Company announced a 1 for 1.69 partially underwritten, non-renounceable rights issue at an issue price of 3.5 cents per share. Also attached with the offer was 1 free new option for every 2 new shares held exercisable at 8 cents and expiring on 31 August 2012 and raising \$6,479,499. The issue was underwritten by Novus Capital Limited and several of the convertible note holders. The Rights Issue



was well supported by existing shareholders and the shortfall was placed during October 2009 in accordance with the Prospectus.

Private Placements

On 28 October 2009 the Company announced a private placement of 14,300,000 ordinary fully paid shares at 3.5 cents each to raise \$500,500 before costs. Subject to shareholder approval which was given at the AGM the company would also issue 7,150,000 listed options exercisable at 8 cents on or before 31 August 2012.

On 21 December 2009 the Company agreed to a private placement of 16,000,000 shares at 3.5 cents to raise \$560,000 before costs which would help fund the acquisition of Bullseye. The Company also issued free attaching listed options on a 1:1 basis (exercisable at 8 cents and expiring 31 August 2012).

On 27 January 2010 the Company announced that it had agreed on a best endeavours basis to place 26,800,000 shares to sophisticated investors, through a private placement raising the sum of \$938,000 before costs. The shares will be issued at a price of 3.5c each together with a 1 for 2 free attaching options exercisable at 8 cents on or before 31 August 2012.

On 8 October 2009 the Company announced that applications for 85,587,754 shares (or 46%) had been received from shareholders. The shortfall of 99,540,765 shares was filled under the underwriting and subscription agreements on 20 October 2009.

Convertible Note Redemption

Under the terms of the Rights Issue, holders of A\$2.83m of convertible notes underwrote or agreed to subscribe for A\$2.83m of the shortfall of the Rights Issue. There was a 46% takeup under the Rights Issue and as a result 54% of convertible notes totaling A\$1.54m were converted to equity under the terms of the Rights Issue.

The Company also announced on 28 October 2009 that it had entered into agreements with some of the convertible note holders to convert a further \$363,727 which was due to be repaid. In order to satisfy the debt the Company would issue 10,392,188 shares together with 5,196,094 options. The options required shareholder approval which was received at the AGM along with the issue of shares being ratified.

On 30 October 2009 the Company announced that it had agreed with 60% holders of the convertible notes issued 11 March 2009 to extinguish their notes to both cash and equity. Total cash paid out as part of the arrangement was \$671,400 with the balance converting to 66,085,714 shares and 33,046,839 listed options. Both the issue of shares and listed options were subject to approval at the AGM which was subsequently received.

Since 30 June 2009 the Company has successfully extinguished A\$5m of convertible note debt.

Results of Annual General Meeting held on 30 November 2009

The Company's Annual General Meeting was held on 30 November 2009 and there were 8 resolutions put to shareholders primarily ratifying and approving the various placements of shares and options that have occurred since September 2009. All resolutions were passed on a show of hands.

Appointment of Mr Frank Brophy as a non-executive director

On 1 November 2009 Mr Frank Brophy joined the Board of Golden Gate Petroleum Ltd. Mr Brophy commenced his career as a petroleum geologist with Australian Aquitaine Petroleum, a subsidiary of S.N.P.A which was to later merge with Elf to become Elf Aquitaine.

As announced on 24 December 2009, Mr Brophy, subject to shareholder approval will be granted 2,000,000 listed options as part consideration for his Directors Fees. The options are exercisable at 8 cents and expire on 31 August 2012.

For further information contact:

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Chairman
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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 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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Golden Gate Petroleum Ltd

ABN

34 090 074 785

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	1,770	3,797
1.2 Payments for		
• exploration and evaluation	(2,128)	(2,269)
• development	(1,859)	(4,248)
• production	(352)	(950)
• administration	(215)	(492)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	3	6
1.5 Interest and other costs of finance paid	(592)	(863)
1.6 Income taxes paid		
1.7 JV Trust Accounts	1,400	1,400
Net Operating Cash Flows	(1,973)	(3,619)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
• prospects		
• equity investments (net of receivables and cash)		
• other fixed assets		
1.9 Proceeds from sale of:		
• prospects		
• equity investments		
• other fixed assets		
1.10 Loans from other entities		
1.11 Refunds/(Payments) of Security Deposits		
Net investing cash flows		
1.13 Total operating and investing cash flows	(1,973)	(3,619)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(1,973)	(3,619)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	6,017	7,417
1.15	Costs of the Issue	(455)	(589)
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(1,616)	(1,616)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,946	5,212
	Net increase (decrease) in cash held	1,973	1,593
1.20	Cash at beginning of quarter/year to date	932	1,382
1.21	Exchange rate adjustments to item 1.20	41	(29)
1.22	Cash at end of quarter	2,946	2,946

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	117
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting fees, directors fees and provision of company secretarial services.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

+ See chapter 19 for defined terms.

- on 19/10/09 the Company converted existing convertible notes of \$1,521,315 into 44,466,143 shares and 21,733,071 options in accordance with the prospectus dated 4 September 2009
- On 21/10/09 the Company issued 1,000,000 shares to Novus capital in satisfaction of fees owing under the underwriting agreement with Novus as summarised in the Prospectus dated 4 September 2009.
- On 13/11/09 the Company issued 10,392,188 shares to convertible note holders to satisfy an outstanding loan of \$363,726. In addition on 8/12/09 the Company issued a further 5,196,094 free attaching options.
- On 8/12/09 the Company issued 66,085,714 shares and 33,042,857 free attaching options in satisfaction of final settlement on 2,313,000 convertible notes as approved by shareholders on 30 November 2008.
- On 21/12/09 the Company announced it had entered into a purchase agreement for 9% interest in the bullseye project for \$300,000 cash and 16,000,000 shares. The shares were issued and cash paid subsequent to the end of the quarter.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	1,569	1,569
3.2	Credit standby arrangements	0	0

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	400,000
4.2	Development	1,400,000
Total		1,800,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	2,946	932
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		2,946	932

Changes in interests in mining tenements

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference securities			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	605,759,331	605,759,331	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	292,892,134	3.5 cents	nil
7.5	*Convertible debt securities (description)	Number 17,976,291	+Class Conversion \$ 9 cents (15.5m) 7 cents (2.5m)	Maturity 4 March 2014 4 August 2010
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	23,350,000 14,285,714 26,134,027	9 cents 7 cents 7 cents	4 March 2014 15 May 2010 4 August 2010
7.7	Options (description and conversion factor)	187,846,068	173,946,086 Exercise price 35 cents (13.3m) 40 cents (0.6m) 8 cents (174m)	Expiry date 30 October 2010 31 August 2011 31 August 2012

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter	173,946,086	173,946,086	8 cents (Free Attaching)	31 August 2012
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	3,250,000 2,000,000 4,300,000		54 cents 25 cents 35 cents	31 December 2009 30 June 2010 30 October 2010
7.11	Debentures <i>(totals only)</i>	0			
7.12	Unsecured notes <i>(totals only)</i>	0			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Chris Bowyer

Company Secretary

Date: 29 January 2010

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

address a topic, the Australian standard on that topic (if any) must be complied with.

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