

Quarterly

Report for the three months ended 31 December 2010

Share Price 1.4 cents

As at 28 January 2010

Shares on Issue 1,080,159,955

Market Cap \$A15.1m

Directors & Management

Mr Sam Russotti | Chairman

Mr Steve Graves | Managing Director

Mr Frank Petruzzelli | Director

Mr Frank Brophy | Director

Mr Chris Bowyer | Company Secretary

Mr Chris Ritchie | Financial Controller

**Gas Price
(Henry Hub)** US\$4.33 MMBTU

**Oil Price
(WTI)** US\$85.64 BBL

Highlights

- In October 2010 the Company announced the acquisition of the leasehold rights to 8,806 acres in the Permian Basin in Reagan and Irion Counties, Texas across the area commonly referred to as the "Wolfberry Fairway". The leases are in the central area and eastern flank of the Wolfberry Fairway.

There are multi-pay trends in the Wolfberry including Spraberry, Wolfcamp and other primary zones referred to as Dean and Strawn. Currently, there is active drilling along the Wolfberry trend after recognizing tighter well spacing and multi stage fracture stimulation provides successful results.

Finalisation of the acquisition is expected shortly after the closing of the Entitlement Issue on 17 February 2011. The Company has commenced preliminary planning for the drilling of the first wells.

Initial drilling is expected to start by the end of the March Quarter. The Company has 100% of the Permian Basin Prospect and will be the Operator.

- In regard to the Dugas & Leblanc #1 well, the Operator's insurers have paid US\$11m toward the blowout costs which is the majority of the costs associated with the blowout. The Company has paid its deductible to its own insurers and does not expect any further exposure. The Operator has also confirmed that the clean-up operation has been proceeding without any major complications.

In regard to the Dugas & Leblanc #2 well, the well commenced commercial production on 22 December 2010 and has yet to stabilize oil production, with current production being ~50 bbl/d oil and 1,550 mcfg/d through a 12/64 inch choke with 100 bsw/d from "N" sand. The "N" sand consists of a net 9ft of pay and is significantly smaller than the 41ft of net pay in the overlying "M" sand, which will be brought on production in this well once the "N" sand is depleted.

Highlights (Continued)

- The Richardson #1 well at Silverwood commenced commercial production on 24 September 2010. The well commenced producing at an average of 65 to 70 barrels of high gravity oil per day, however production has declined and the Company is evaluating various processes to understand the extent and potential of the discovery and improve production.

The Company has acquired a further 40% Working Interest in the Prospect from Augustus Minerals Limited.

- On 31 December 2010 the Company announced that it had acquired a further 12% Working Interest in the Bullseye Prospect from Eastern Advisors Capital.
- The Sugar Valley #1 well at Bowtie West has been delayed as work continues on the land agreements where certain ownership transfers from many years ago need to be perfected following standard procedures. At this time, we expect the well to commence drilling operations by the second quarter of calendar 2011.

Production

- Golden Gate's current average gross share of production for the quarter was 77 bbls oil per day and 85 mcf gas.
- Total gross share of production for the quarter was 7,318 barrels of oil and 8.0 million cubic feet of gas.

Corporate

- The Company is undertaking a fully underwritten entitlement issue to raise \$2.6 million to facilitate the acquisition of and fund the appraisal program of the Permian Basin leaseholds. A private placement of \$1.1 million was completed on 5 November 2011.
- The Chairman, Mr Sam Russotti announced his retirement with effect from 31 January 2011.
- Cash Balance as at 30 September 2010 \$2.5 million



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Permian Basin Prospect

The Company has progressed with the acquisition of the four Permian Basin leases from Arturus Capital Limited (ASX: AKW) covering approximately 8,800 acres. Shareholder approval has been received for the issue of 196,000,000 ordinary shares in the Company to AKW and a fully underwritten 1:5 entitlement issue is currently underway to fund the cash consideration of the acquisition. Completion of the acquisition is expected to be soon after the closing of the entitlement issue, subject to AKW satisfying (or the Company waiving) certain conditions contained in the acquisition agreement.

The Company has commenced preliminary planning for the drilling of the first wells. Initial drilling is expected to start by the end of the March Quarter.

The Company has 100% of the Permian Basin Prospect and will be the Operator.

The primary benefits of the AKW leasehold purchase and the acquisition of other leases to GGP shareholders include:

- GGP will have the opportunity for the first time to report oil and gas proven reserves (P1). Based on a recent reserve report of the asset, there are estimated to be reserves of 4.358 million barrels of proven oil reserves (mostly proven undeveloped) and 11.542 billion cubic feet of proven gas reserves over the entire acreage position GGP is in the process of acquiring.
- The proven reserves on the leases present the opportunity to drill and complete low risk development wells which will provide a balanced portfolio offsetting GGP's current higher risk exploration projects. Ultimately these new assets will provide an ideal funding source for continuing high reward exploration plays and reducing the dependence on share equity.
- The potential of each new well in this area is estimated to recover over 100,000 barrels of oil equivalent and cost approximately \$1.5 million to drill and complete. At today's \$80+ per barrel oil prices, there is a strong financial drive behind this project. In addition, the oil is high quality and includes very rich gas that also contains valuable gas liquids.
- By acquiring a large working interest with mainly a 75% net revenue interest in the very large 8,806 acre leasehold position, there is significant upside from probable resource recoveries well beyond the reserve study. Estimates from existing drilling programs in the region indicate that each 640 acre section has the potential to recover up to 1.5 million barrels of oil equivalent.
- Each well bore is likely to exhibit multi-pay intervals already producing in and around the leasehold position from 6 primary and secondary oil and gas bearing zones at shallow depths from 5,500 feet to 10,000 feet. Success rates from drilling in the area are over 99%.
- The onshore Permian Basin has a long history of oil and development and has received a renewed interest from both capital providers and industry participants. Holding a large working interest position provides GGP the opportunity to partner with companies looking onshore for new reserves to offset the long expected delays in permitting new wells particularly in the Gulf of Mexico. Discussions have already begun with one potential industry partner.

Napoleonville Prospect

Dugas & Leblanc #1 Well, Assumption Parish, Louisiana, Non-Operator

The Operator's insurers have paid US\$11m toward the blowout costs which is the majority of the costs associated with the blowout. The Company has paid its deductible to its own insurers and does not expect any further exposure. The Operator has also confirmed that the clean-up operation has been proceeding without any major complications.

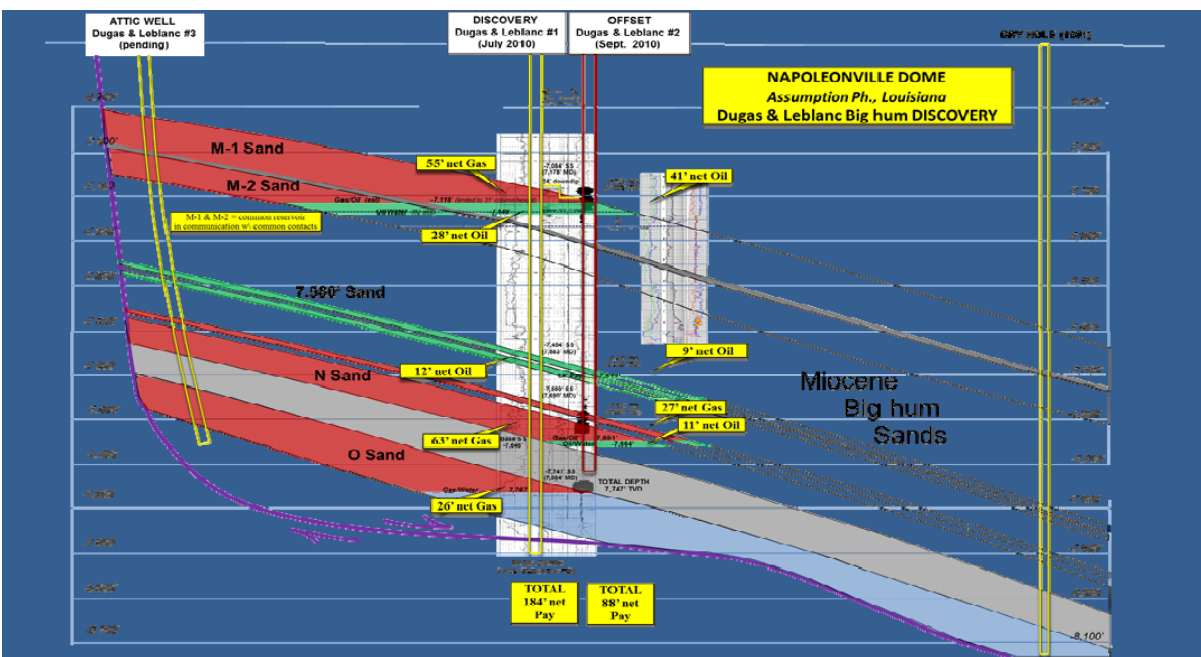
Agricultural soil reconditioning is ongoing under the guidance of the LSU Department of Agriculture with dewatering continuing. Strict compliance has been met with respect to maintaining low level salinity discharges into surrounding waterways.

Partners in the Dugas & Leblanc #1 Well are:

Grand Gulf Energy Ltd (ASX:GGE)	39.50% WI
Golden Gate Petroleum Ltd (ASX:GGP)	15.00% WI
Mantle Oil & Gas LLC (Operator)	4.09% WI
Other Partners	41.41% WI

Dugas & Leblanc #2 Well, Assumption Parish, Louisiana, Non-Operator

The Dugas & Leblanc #2 well has yet to stabilize oil production with current production being ~50 bbl/d oil and 1,550 mcf/d through a 12/64 inch choke with 100 bsw/d from the "N" sand. The "N" sand consists of a net 9ft of pay and is significantly smaller than the 41ft of net pay in the overlying "M" sand, which will be brought on production in this well once the "N" sand is depleted.



Partners in the Dugas & Leblanc #2 well are:

Grand Gulf Limited (ASX:GGE)	39.50% WI
Golden Gate Petroleum Ltd (ASX:GGP)	15.00% WI
Other Partners	45.50% WI

Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non-Operator

The JV is presently completing plans for a development attic well, updip from the Dugas & Leblanc #1 and #2 wells, as identified on the previous page. The plan is to drill the updip well to 8,000ft to initially produce gas from the lowest of the sands, the "O" sand, until it is depleted and then move up the hole to drain the other reservoir sands in sequence. The Company anticipates drilling this well in 2011.

Bullseye Prospect

The Company announced on 31 December 2010 that it has acquired a further 12% working interest in the Bullseye prospect from Eastern Advisors Capital. The Company now owns a 54.25% working interest in this prospect.

The Company had previously announced plans to end limited production out of the Miogyp formation in the Jumonville #1 well and test the discovery of oil in the large Camerina section across the prospect. Further analysis and resulting changes to operational procedures were successful in raising production from the Miogyp interval in the Jumonville #1 well. As a consequence, the partners elected to keep oil and gas production going from the Miogyp interval in the Jumonville #1 well.

As at January 2011, the Jumonville #1 well continues to maintain production from the Miogyp interval. Plans to test the Camerina will be dictated by the current oil production and continued financial benefits coming from the Jumonville #1 well.

Jumonville #1 & #2 Oil Production

Month	Production	Average bbls per day
October 2010	4,911bbls	158 bbls
November 2010	4,184 bbls	139 bbls
December 2010	3,649 bbls	118 bbls

Jumonville #1 & #2 Gas Production

Month	Production	Average mcf per day
October 2010	5,125 mcf	165 mcf
November 2010	5,094mcf	170 mcf
December 2010	5,267 mcf	170 mcf

Partners in the Bullseye Prospect are:

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

Silverwood Prospect

Richardson #1 Well, Silverwood Prospect, Jefferson Davis Parish, Louisiana, Operator 59.50% WI

The Company is pleased to announce that it has reached agreement with Augustus Minerals Limited (ASX: AUJ) to acquire their 40% working interest in the Silverwood Prospect. In consideration the Company has agreed to cancel certain outstandings. The Company will now own a 59.5% working interest in the prospect.

Production at the Richardson #1 well has declined since the well went onto commercial production in September 2010

Month	Production	Average bbls per day
October 2010	1,768.44 bbl	57 bbl
November 2010	1,411.00 bbl	47 bbl
December 2010	635.00 bbl	20 bbl

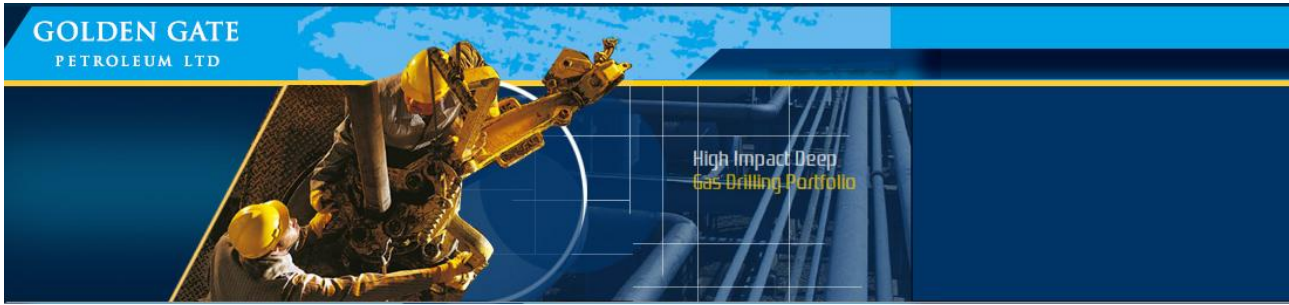
The Company continues to work through various processes to understand the extent and potential of the discovery along with improving well performance.

The Silverwood Prospect has the potential to contain 7.4 million barrels of oil and 13.0 billion cubic feet of gas. The prospect is located under an existing field which produced 7.0 billion cubic feet of gas and over 800,000 barrels of oil on a fault closure.

Two high quality sands have been identified; the primary target is the Vicksburg Sand and is mainly shallow oil (9,300 feet) and the deeper target (Cockfield) is oil and gas (11,600 feet).

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 estimated 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.



Partners in the Silverwood Prospect are:

Golden Gate Petroleum Ltd (ASX:GGP)	59.5% WI
Verus Investments Ltd (ASX:VIL)	25.5% WI
Other Partners	15.0% WI

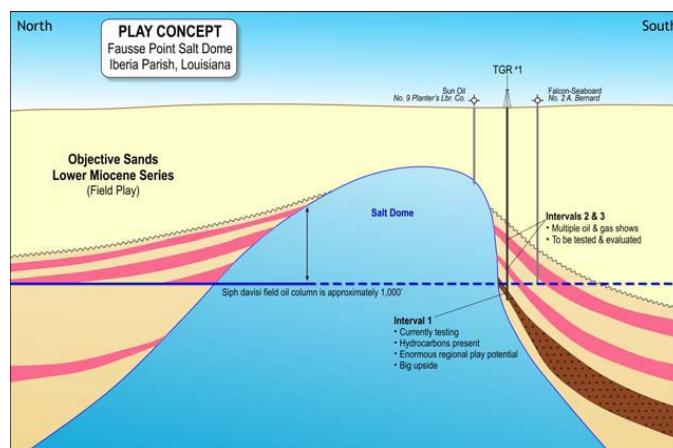
Fausse Point Prospect

TGR Well # 1, Fausse Point Prospect, Iberia Parish, Louisiana, Operator 18% WI

Work is continuing on evaluating the test results and physical data obtained during the drilling of the T.G.R. Land Company #1 well. Whilst this well encountered a significant hydrocarbon presence over a 1,500 ft interval, it was apparent that the well's close proximity to the Fausse Point Salt Dome ultimately inhibited the various hydrocarbon intervals and its ability to produce at sustainable rates. In other cases it appears that the gas and condensate zones had been isolated from the main hydrocarbon bearing structure.

There is clear unquestionable presence of hydrocarbons in the Fausse Point project as evidenced by the numerous influxes of hydrocarbons whilst drilling the T .G.R.#1 well and the production test, particularly in the deeper zone. The Company intends to understand the complex geology and test this theory over the coming months.

Seismic data is being reprocessed and planning undertaken for an appraisal well which is further away from the salt dome to a location where the reservoir quality is expected to significantly improve.



Partners in the Fausse Point Prospect are:

Verus Investments Limited (ASX:VIL)	72.00%
Golden Gate Petroleum Limited (ASX:GGP)	18.00%
Oakmont Minerals	10.00%

Bowtie Prospect

Sugar Valley #1 Well, Bowtie Prospect, Brazoria and Matagorda County, Texas, Non-Operator 18% WI

The Sugar Valley #1 Well has been further delayed as work continues on the land arrangements where certain ownership transfers from many years ago need to be perfected following standard procedures. This is not uncommon for Texas; however, it does delay drilling of this well. Once all land arrangements are completed, we will be able to update the market of the new drilling date.

At this time we expect drilling to commence to commence in the second quarter of calendar 2011.

The well will be drilled to an approximate depth of 13,000 feet to test the Vicksburg sandstone reservoir known as the Tex-2 formation. The Company is paying 20% of the drilling costs to earn an 18% working interest.

The Bowtie prospect is a moderately risked exploration prospect with prospective reserves estimated at over 50 billion cubic feet of gas and 1.7 million barrels of oil. Analogue producing wells exist nearby with initial production rates greater than 8 million cubic feet of gas per day and over 500 barrels of condensate per day and cumulative production of more than 10 billion cubic feet of gas.

Partners in the Bowtie West Prospect are:

Golden Gate Petroleum Limited (ASX:GGP)	18.00% WI
Verus Investments Limited (ASX: VIL)	18.00% WI
Other Partners	64.00% WI

Padre Island

The current operator at Padre Island is in Chapter 11 bankruptcy. Golden Gate is a creditor to the proceedings and continues to monitor the events as the matter is addressed by the Courts.

Production for the Quarter ended 31 December 2010

During the quarter Golden Gate's estimated gross share of production from its USA operations was 7,318 barrels of oil and 8.0 million cubic feet of gas. At current oil and gas prices net revenue to GGP is estimated at A\$166,000 per month.

	Total Production		GGP Share	
	Oil BBL	Gas MCF	Oil BBL	Gas MCF
Prospect				
Bullseye	12,744	15,486	5,397	6,542
Silverwood	3,814	0	1,747	0
Dugas & Leblanc #2	1,157	9,663	174	1,449
	17,715	25,149	7,318	7,991

Corporate

On 22 October the Company announced that it would undertake capital raisings of \$4.6m with the proceeds of the raising to facilitate the acquisition of the Permian Basin leaseholds and an appraisal program of the leasehold position. The Company will proceed with:

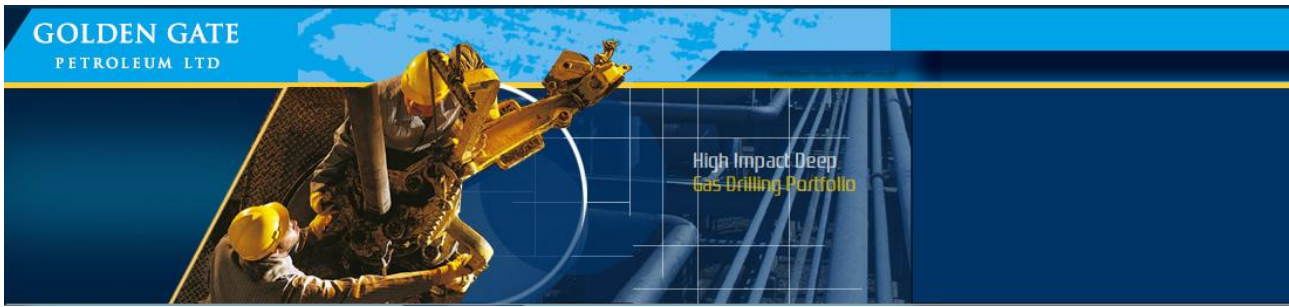
- A placement of 90m shares and 90m free attaching listed options (ASX: GGPO) at an issue price of 1.2 cents per share to raise approximately \$1.1m with Novus Capital Ltd.
- A fully underwritten pro rata non-renounceable entitlement issue of one (1) Share for every three and a half (3.5) Shares held by Shareholders for the issue of up to 304,521,892 Shares and 304,521,892 listed options (ASX: GGPO) at an issue price of 1.2 cents per Share to raise approximately \$3.6m (the "Issue") before costs. The Issue has been fully underwritten by Novus Capital Ltd.

On 19 January 2011 the Company announced that it would amend the non-renounceable entitlement issue to 1 share for every five shares held and raise a total of \$2.6 million due to a review of forward commitments and improved cash flows.

On 5 November 2010 the placement was completed and the Company received \$1,096,000. 91,333,332 fully paid ordinary shares and 36,533,333 free attaching options were issued and a further 36,533,333 free attaching options were issued after receiving shareholder approval at a general meeting on 29 December 2010.

The Company held its Annual General Meeting on 12 November 2010 with all five resolutions being passed on a show of hands. These resolutions included the election of directors, change of auditor, the issue of options to a director and the adoption of the Remuneration Report.

The Company held a further General Meeting on 29 December 2010 with all three resolutions passed on a show of hands. These resolutions referred to the prior ratification of the issue of shares & options, the issue of options and the proposed issue of shares in regard to the Arturus transaction.



On 17 January 2011 the Company announced that the current Chairman Mr Sam Russotti would retire at the end of January and that Mr Steve Graves would become Executive Chairman (in addition to Managing Director). The board also advised that it had commenced a search for a new director.

For further information contact:

Chris Ritchie
Financial Controller
Phone: +61 3 9349 1488
Email: investor.relations@ggpl.com.au

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 relevant experience within oil and gas sector.

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.

31Rule 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")

31st December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors	524	1,147
1.2 Payments for		
• exploration and evaluation	(129)	(516)
• development	(839)	(1,614)
• production	(323)	(552)
• administration	(280)	(631)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 JV Trust Accounts	(682)	(2,353)
Net Operating Cash Flows	(1,728)	(4,517)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
• prospects	-	(555)
• equity investments	-	(67)
• other fixed assets	-	-
1.9 Proceeds from sale of:		
• Acquisition of project asset	-	-
• equity investments	-	8
• other fixed assets	-	-
1.10 Loans from other entities	-	-
1.11 Refunds/(Payments) of Security Deposits	-	-
Net investing cash flows	-	(614)
1.13 Total operating and investing cash flows	(1,728)	(5,131)

+ See chapter 19 for defined terms.

Golden Gate Petroleum Limited
Appendix 5B – 31 December 2010
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(1,728)	(5,131)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,096	1,096
1.15	Costs of the Issue	(92)	(92)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		1,004	1,004
Net increase (decrease) in cash held		(724)	(4,127)
1.20	Cash at beginning of quarter/year to date	3,552	7,584
1.21	Exchange rate adjustments to item 1.20	(370)	(999)
1.22	Cash at end of quarter	2,458	2,458

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	236
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 and directors fees, office rental, travel reimbursements and provision of company secretarial and accounting staff.

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

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

+ See chapter 19 for defined terms.

Financing facilities available

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	900
4.3 Production	250
4.4 Administration	200
Total	1,550

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	2,458	3,552
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,458	3,552

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	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	1,080,159,955	1,080,159,955	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	104,333,332	104,333,332	
7.5	*Convertible debt securities (description)	Number	⁺ Class	Conversion \$
				Maturity
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

Golden Gate Petroleum Limited
Appendix 5B – 31 December 2010
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	325,304,404	325,304,404	Exercise price 8 cents (325.3m) 40 cents (0.6m)	Expiry date 31 August 2012 31 August 2011
7.8	Issued during quarter	93,333,333	93,333,333	Nil	Nil
7.9	Exercised during quarter	Nil			
7.10	Cancelled during quarter	13,300,000		35 cents	Expired on 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 Ritchie
Financial Controller
Date: January 30 2011

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

+ See chapter 19 for defined terms.