

Quarterly Activities Report For the three months ended 31 December 2013

COMPANY INFORMATION

Golden Gate Petroleum Ltd
ABN 34 090 074 785

COMPANY DIRECTORS

Chris Ritchie – Director
Chris Porter - Director
Rob Oliver - Director

MANAGEMENT

Chris Ritchie – CFO / Co Sec

STOCK EXCHANGE LISTING

Australian Stock Exchange
ASX Code: GGP

Current Shares on Issue:
4,798,467,458
Market Capitalization as at 29
January 2014 based on a share
price of \$0.001 AUD \$4.8 million

CURRENT PROJECTS

Permian Project
Napoleonville
Bow Tie West
Acadia
Goliad

www.ggpl.com.au



Permian Project

- Production adversely affected by severe weather in West Texas during November and December.

- Company unable to acquire funding to continue drilling program. Continuous drilling clause expired in January 2014.

Corporate

- Company seeks expressions of interest in the sale of the Permian project and the 15% working interest in the Dugas & Leblanc #3 well.

- Cash balance as at 31 December 2013 was \$0.27 million

Production for the Quarter

| Well | Total Production | | GGP Share | |
|---------------------------|------------------|---------------|--------------|---------------|
| | Oil BBL | Gas MCF | Oil BBL | Gas MCF |
| Permian Project – SRH #1 | 590 | 3,447 | 590 | 3,447 |
| Permian Project – SRH #2 | 562 | 3,026 | 562 | 3,026 |
| Permian Project – SRH #3 | 811 | 4,355 | 811 | 4,355 |
| Permian Project – SRH #4 | 1,197 | 6,998 | 1,197 | 6,998 |
| Permian Project – SRH #5H | 2,200 | 15,447 | 2,200 | 15,447 |
| Dugas & Leblanc #3 | 12,027 | 31,853 | 1,804 | 4,778 |
| Hensarling #1 | 34,887 | - | 1,392 | - |
| Sugar Valley #1 | 292 | 27,558 | 35 | 3,307 |
| Total | 52,566 | 92,684 | 8,591 | 41,358 |

During the quarter the Company's estimated gross share of production was 8,590 barrels of oil and 41.3 million cubic feet of gas. At current oil and gas prices net revenue to the Company is estimated at US\$246,000 per month.

Reagan and Irion Counties, Texas, Operator 100% WI

Permian Project Quarterly

| | Qtrly Production | |
|--------------|------------------|---------------|
| | BBL | MCF |
| SRH #1 | 590 | 3,447 |
| SRH #2 | 562 | 3,026 |
| SRH #3 | 811 | 4,355 |
| SRH #4 | 1,197 | 6,998 |
| SRH #5H | 2,200 | 15,447 |
| Total | 5,360 | 33,273 |

Production for the quarter has been adversely affected by severe weather conditions encountered in West Texas. A substantial area encountered an electrical power outage for a prolonged period of time. As a consequence the SRH #1, SRH#2, SRH#3 and SRH#4 wells were off production from 25 November 2013 with power being progressively reinstated from mid-December.

The #5H well remained on production except for short periods of time when the compressor froze due to the severe weather conditions.

On 28 January 2014, the Company announced that the Permian project would be limited to a project of approximately 840 acres in size. The Company had been unable to attract the further capital required to drill the #7 well or complete the fracture stimulation programs for the SRH #1, SRH #2 and SRH #6 wells. Confirmations are being sought from the Scottish Rite Hospital (landowner) and the Texas Railroad Commission as the exact acreage achieved and held by production.

As a result of this, the Company's ability to maintain the balance of the acreage of the 771 lease through continuous drilling has ended. The Company expects to write-down the carrying value of the Permian project in its half year accounts.

Legal Matters

On 24 October 2013, the Company advised that an out of court settlement regarding a 1.5% over-riding royalty interest over the Permian project had been reached. The Company has paid an amount of approximately USD 50,000 and will pay legal costs of USD 50,000 partly payable in February and partly payable in May 2014.

The primary legal action between the Company and Petro-Raider and Mr. Paul Page has been stayed by the judge pending the conclusion of the Arturus Capital Limited liquidation currently underway.

The Company's tortious interference case against Petro- Raider and Mr. Paul Page has progressed and depositions were taken during January 2014.

Bowtie West Project

Sugar Valley #1 well, Matagorda County, Texas, Non-Operator, 12% WI

During the quarter the Sugar Valley #1 well produced a total 292 bbls of oil and 27,558 mcf of gas. The Company's share of production was 35 bbls of oil and 3,307 mcf of gas.

| Well | Qtrly Production | |
|-----------------|------------------|-------|
| | BBL | MCF |
| Sugar Valley #1 | 35 | 3,307 |

* Represents the Company's 12% working interest share

Partners in the Sugar Valley #1 well are:

| Company | WI |
|---------------------------|-------|
| Golden Gate Petroleum Ltd | 12.0% |
| Other Partners | 88.0% |

Napoleonville Project

Dugas & Leblanc #3 well, Assumption Parish, Louisiana, Non-Operator, 15% WI

During the quarter the Dugas and Leblanc #3 well produced a total of 12,027 bbls of oil and 31,853 mcf of gas. The Company's share of production was 1,804 bbls of oil and 4,778 mcf of gas.

| Well | Qtrly Production | |
|--------------------|------------------|-------|
| | BBL | MCF |
| Dugas & Leblanc #3 | 1,804 | 4,778 |

* Represents the Company's 15% working interest share

Partners in the D&L#3 well are:

| Company | WI |
|---------------------------|-------|
| Grand Gulf Energy Ltd | 40.2% |
| Golden Gate Petroleum Ltd | 15.3% |
| Other Partners | 44.5% |

Hensarling #1 well, Desiree Prospect, Assumption Parish, Louisiana, Non-Operator 3.99% WI

On 3 July 2013, the well commenced production. The Company was advised that during the first 17 hours of production the well produced 240 bbls of oil, unassisted, and that the operator anticipated that the well will sustain this rate and expects production rates of between 330 to 370 bbls per day through a 20/64 inch choke

On 26 September 2013, the Company advised that the well had been placed on a Jet Pump and was producing at a rate of 390 bbls of oil per day. The operator anticipated that the well would then sustain this rate and expected production rates between 350 to 400 bbls of oil per day through a 25/64 inch choke.

On 29 October 2013, the Company advised that the well had continued to produce in excess of an average of 375 bbls of oil per day since the installation of the jet pump.

During the quarter the Hensarling #1 well produced a total of 34,887 bbls of oil. The Company's share of production was 1,392 bbls of oil.

| Well | Qtrly Production | |
|---------------|------------------|--|
| | BBL | |
| Hensarling #1 | 1,392 | |

Partners in the Hensarling #1 well are:

| Company | WI |
|---------------------------|--------|
| Grand Gulf Energy Ltd | 35.60% |
| Golden Gate Petroleum Ltd | 3.99% |
| Other Partners | 60.41% |

14-54 Prospect, Assumption Parish, Louisiana, Non-operator, 3.28% working interest

A new well on the 14-54 prospect is being planned for drilling. Due to the additional time required to finalise all participations, the operator, Petrodome Energy, has asked for an extension to drill the initial well. No commencement date has been advised by the operator as at the date of this report. The Company has a 3.28% working interest in this well.

Dugas & Leblanc #1 well

Commercial settlement was reached between the landowners affected by the Dugas and Le Blanc #1 well blowout and the JV partners. Under the settlement with the landowners, the JV partners remain obligated to complete the remaining remediation of the land affected by the blowout. The lengthy process of clean up and surface monitoring from the blowout has continued. Progress continues to be made in returning the surrounding land to active farming

In addition, a commercial settlement between the JV partners and the workover operator of the rig was reached.

These settlements were achieved without additional cash outlay by the Company.

The Company continues to have ongoing exposure to a personal injury case that has been subject to initial mediation, but no settlement could be achieved, as previously advised the Company believes that its insurance will more than cover any expected liability in regard to the personal injury case and the clean-up activities.

Fausse Point Project

TGR #1 Well, Louisiana, Operator, 18%WI

The Company has agreed and elected to plug and abandon the TGR Land Company #1 well. No date has been set for the commencement of the Plug and abandonment of this well.

Padre Island Project

The Company expects the final removal of the site material at ST949 to be completed by the end of February 2014. On completion the Company will receive its share of cash bonds back from the state and federal governments of USD 240,000.

Acadia Project,

Midland, Louisiana, Operator, 34% WI

The Company owns the right to a 34% working interest after promote in this Louisiana based project with estimated reserves by the promoter of 446,000 bbls of oil and 4.1 billion cubic feet of gas. The Company will be the operator assuming financial capacity is available.

A decision on whether the Company will participate in this project will be made later this year. The Acadia project is expected to commence drilling operations in 2014.

Partners in the Acadia Project are:

| Company | WI |
|---------------------------|-----------|
| Golden Gate Petroleum Ltd | 34% |
| Other Partners | 66% |

Goliad Project

Goliad County, Texas, Operator, 25% WI

The Company owns the right to a 25% working interest in a project covering 752.02 acres in Goliad County, Texas. The acreage is immediately up-dip and adjacent to two vertical wells drilled and completed in 2008 which tested approximately 1.5 million cubic feet of gas per day and 450 barrels per day of condensate pre-frac.

A decision on whether the Company will participate in this project will be made later this year. The Goliad project is expected to commence drilling operations in 2014.

Partners in the Goliad Project are:

| Company | WI |
|---------------------------|-----------|
| Golden Gate Petroleum Ltd | 25% |
| Other Partners | 75% |

Corporate

On 24 October 2013, the Company advised that an out of court settlement regarding a 1.5% over-riding royalty interest over the Permian project had been reached. The Company has paid an amount of approximately USD 50,000 and will pay legal costs of USD 50,000 partly payable in February and partly payable in May 2014.

On 14 November 2013, the Company announced that its Managing Director and Executive Chairman, Mr. Steve Graves had resigned for personal reasons. The board appointed Mr. Chris Ritchie, the Company's Chief Financial Officer and Company Secretary, as a director as a short term measure until a new Managing Director could be appointed. As at the date of this report the Company has not taken any action to appoint a new Managing Director.

On 22 November 2013, the Company held its Annual General Meeting in Sydney. The 2013 Financial Report was adopted by the Company and a total of 9 resolutions were put to the meeting concerning the adoption of the Remuneration Report for 2013, the re-election of Mr. Chris Porter and Mr Rob Oliver and the ratification of the issue of shares and options. All 9 resolutions were passed on a show of hands. A tenth resolution, a spill resolution, was not put to the meeting due to the 2013 Remuneration report resolution passing with a greater than 75% support.

Mr. Ritchie having been appointed by the board after the 2012 AGM and after the Notice of Meeting for the 2013 AGM had been posted to shareholders, was required to resign at the end of the 2013. Mr Ritchie was subsequently re-appointed a director at a board meeting held immediately after the conclusion of the AGM.

The total cash balance of the Company as at 31 December 2013 was \$0.27 million.

During the quarter the Company has concentrated on reducing its level of payables. The performance of the wells has meant that the free cash generated by them has not been sufficient to reduce the level of payables at a rate satisfactory to the board.

During the quarter a number of capital raising / funding initiatives were pursued by the Company but none were able to be concluded. Consequently the Company has sought expressions of interest for the sale of part or all of the Permian project and the working interest held by the Company in the Dugas & Leblanc #3 well. Discussions are continuing as at the date of this report.

For further information contact on GGP:

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Executive Director
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Email: investor.relations@ggpl.com.au

Golden Gate Petroleum Limited (ASX:GGP) is an ASX listed company focused on the exploration and development of oil and gas projects in the Gulf States of the United States of America.

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")

31 December 2013

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 | 740 | 1,600 |
| 1.2 Payments for | | |
| • exploration and evaluation | | |
| • development | (263) | (1,116) |
| • production | (442) | (694) |
| • administration | (195) | (516) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | | |
| 1.5 Interest and other costs of finance paid | (15) | (36) |
| 1.6 Income taxes paid | | |
| 1.7 JV Trust Accounts | (157) | 14 |
| Net Operating Cash Flows | (332) | (748) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| • prospects | | |
| • equity investments | | |
| • other fixed assets | | |
| 1.9 Proceeds from sale of: | | |
| • Project asset | | |
| • 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 | (332) | (748) |

+ See chapter 19 for defined terms.

Golden Gate Petroleum Limited
Appendix 5B – 31 December 2013
Mining exploration entity quarterly report

| | | | |
|---|--|-------|-------|
| 1.13 | Total operating and investing cash flows (carried forward) | (332) | (748) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | 126 |
| 1.15 | Costs of the Issue | (2) | (2) |
| 1.16 | Proceeds from borrowings | 207 | 207 |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Other (provide details if material) | | |
| | Net financing cash flows | 205 | 331 |
| | Net increase (decrease) in cash held | (127) | (417) |
| 1.20 | Cash at beginning of quarter/year to date | 380 | 672 |
| 1.21 | Exchange rate adjustments to item 1.20 | 14 | 12 |
| 1.22 | Cash at end of quarter | 267 | 267 |

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 | 1 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

| |
|-----------------------|
| Travel reimbursements |
|-----------------------|

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

| |
|-----|
| Nil |
|-----|

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 | 0 |
| 4.2 Development | (300) |
| 4.3 Production | (300) |
| 4.4 Administration | (200) |
| Total | (800) |

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 | 267 | 380 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 267 | 380 |

+ 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 | 4,773,456,815 | 4,773,456,815 | |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 124,202,433 | 124,202,433 | |

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

| 7.5 | *Convertible debt securities (description) | Number | +Class | Conversion \$ | Maturity |
|------|--|-------------|---|-----------------------|--------------------|
| | Face value of \$0.05 but can convert at (Series 1 & 2) 85% of 10 day VWAP prior to maturity, (Series 3 90% of 5 day VWAP). | 6,000,000 | Series 1 | \$0.05 | 30 June 2014 |
| | | 4,120,000 | Series 2 | \$0.05 | 31 December 2013 |
| | | 16,600,000 | Series 3 | \$0.05 | 30 September 2014 |
| | | 4,000,000 | Series 4 | \$0.05 | 31 December 2014 |
| | Conversion at 90% of the average of 3 VWAPS over a specified period. | 1 | Convertible Security Face Value \$550,000 | | 19 March 2015 |
| 7.6 | Changes during quarter | | | | |
| | (a) Increases through issues | 4,000,000 | Series 4 | | |
| | (b) Decreases through securities matured, converted or redeemed | - | Series 1 | | |
| | | - | Series 2 | | |
| | | 2,000,000 | Series 3 | | |
| | | - | Series 4 | | |
| 7.7 | Options (description and conversion factor) | | | Exercise price | Expiry date |
| | | 173,076,921 | Listed | \$0.05 | 31 December 2014 |
| | | 646,242,000 | Listed | \$0.02 | 31 December 2014 |
| | | 45,000,000 | Unlisted | \$0.02 | 19 March 2016 |
| | | 10,000,000 | Unlisted | \$0.0024 | 19 April 2016 |
| | | 25,000,000 | Unlisted | \$0.0012 | 22 May 2016 |
| | | 11,000,000 | Unlisted | \$0.0015 | 27 June 2016 |
| | | 13,400,000 | Unlisted | \$0.0012 | 31 July 2016 |
| | | 13,111,111 | Unlisted | \$0.0011 | 6 Sep 2016 |
| 7.8 | Issued during quarter | | | | |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | Debentures (totals only) | 0 | | | |
| 7.12 | Unsecured notes (totals only) | 0 | | | |

+ See chapter 19 for defined terms.

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

Executive Director

Date: 31 January 2014

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.