

30 August, 2004

Manager Announcements
Companies Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000



Via electronic lodgement

TESTING UPDATE

LaPlaya Deep – 1 (10% working interest) – Location: Padre Island

The Board is pleased to advise that zone 5 in LaPlaya Deep – 1 has been perforated and flow tested over a period of more than 48 hours. Flow rate has stabilised at 1.2 million cubic feet of gas with 16 barrels of oil and 45 barrels of water per day through a 12/64" choke. Operations to tie the well into the pipeline grid and the installation of surface processing equipment will begin this week and it is expected that the sale of gas will commence within two to three weeks.

During the past week a copy of the experts report on the attempted fracture stimulate of zone 4 was received by the Company. The report confirmed that the fracture stimulation had failed. The failure of the zone to flow gas post the attempted fracture stimulation may be the result of either formation damage caused by the fracture attempt or the flow characteristics of the reservoir or a combination of both. The Company believes that as gas flow was achieved for a short period prior to the fracture stimulation that the more likely cause is that the formation has been damaged.

The re-fracing of zone 4 was not attempted because of the danger that it would cause further formation damage and consequently fail. Instead zone 4 will be kept open to allow it to produce along with zone 5. Production logs will be run at regular intervals to determine whether zone 4 is contributing to production.

Because of these factors zone 4 remains largely unevaluated. A proper evaluation of that zone will need to be conducted on a future appraisal well in an undamaged section of reservoir.

Homerun – 1 (10% working interest) – Location: Padre Island

A completion rig has been contracted and the mobilisation of equipment will commence this week. It is expected that testing of the deepest of the three zones will commence by the middle of next week. The electric logs obtained in Homerun - 1 indicated the presence of hydrocarbons in three broad zones totalling a net 138 feet of potential reservoir. The testing programme is designed to test each zone sequentially starting with the deepest zone.

Syd –A1 (100% working interest) – Location: Bethany

Electric logs from this well indicate both oil and gas within several zones that total some 31 feet of net reservoir. Testing is anticipated to commence within two weeks.

Mr. Russotti managing director of Golden Gate Petroleum commented, “We have a commercial completion of zone 5 of LaPlaya Deep. This will be the Company’s third producing field and the production from that will add to the Company’s cash flow. We also believe that because of formation damage the true potential of zone 4 has not been determined and that the testing of that zone in another well may produce better results. In addition there is up to 15 feet of gross potential gas reservoir in the shallow section of the well where the majority of the interest is held by BNP and Golden Gate Petroleum. That shallow reservoir provides the Company with the opportunity of a future additional development.

The next month promises to be very exciting with the testing of both Homerun and the Company’s own Syd –A1 having the potential to deliver results that would significantly add to the financial strength of the Company. Success in both tests would result in the Company having five producing fields and deliver a healthy cash flow to apply to future growth”.

On behalf of the
Board of Directors

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This report accurately reflects information compiled by Mr Sam Russotti, BSc (Geol), a full time officer of the Company. Mr Russotti has 31 years of relevant experience in the Oil & Gas Industry and consents to the inclusion of the data in the form and context in which it appears.