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Market Release (*via electronic lodgement*)

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2005

- ❖ Golden Gate acquires a controlling interest in the Padre Island Project
- ❖ La Playa #1 and West Bird #1 successfully worked over and re-completed
- ❖ Bethany put on hold as Golden Gate refocusses its resources on its Padre Island Interests

GOLDEN GATE ACQUIRES CONTROLLING INTEREST IN PADRE ISLAND

On the 29th of July 2005 Long Flat Ltd (a wholly owned subsidiary of Golden Gate Petroleum Ltd) entered into a sale and purchase agreement with Medco Energi International to acquire its interests (previously held by Novus Petroleum) in the Padre Island Prospect for US\$1,000,000.

This acquisition and the exercise of its rights under the Joint Venture Agreement increases Golden Gates interests to the following levels (see location map attached):

PADRE ISLAND JOINT VENTURE PARTICIPATING INTERESTS			
	GGP	MITSUI	BNP
Production Fields			
La Playa field (local private company KCS has a 20% interest)	40%	15%	25%
West Bird field	50%	20%	30%
La Playa Deep	80%	20%	
Prospects			
Shallow leases over the (Hook, Fault/County Line , El Mar and Dunn Deep areas.	10%		90%
Kingsway	100%		
Wilson	80%	20%	
Lemon Seed prospect (deep)	50%	20%	30%
Ultra deep sections	50%	20%	30%
Manzano	80%	20%	
Murdock South and Plum Deep	100%		
All other leases (including all identified Deep prospects excluding Lemon Seed; the balance of the Shallow leases excluding those noted above; the Tomato gas field; and the Ultra-Deep section.	80%	20%	

This acquisition results in Golden Gate becoming the operator of the majority of leases in the Padre Island Project.

During negotiations for the acquisition Golden Gate concentrated its resources in progressing well location applications for Plum, Manzano and Murdock South. The application packages are well

advanced and will be lodged with the relevant authorities over the next few weeks. Based on past events it is expected that permits to drill will be received around December of this year.

While the applications for drilling permits are being processed Golden Gate will continue discussions with parties who have expressed a strong interest in farming in to the Padre Island prospects. Golden Gate's aim is to reduce its drilling costs while still retaining a significant interest (30 to 40%) in the prospects.

The Company's resources will be dedicated to Padre Island and the drilling of the prospects. As a result of this and the disappointing post testing results of the Bethany wells, together with the difficulties of confirming title on its preferred drilling locations, the Company has suspended operations on its Bethany Project. Operations will recommence when resources are available to address and find solutions to these problems.

Funding of the Transaction

The interests in the Padre Island Project have been acquired through buying, for US\$1,000,000, all of the issued capital of Novus Nevada LLC and Novus Oil & Gas LLC the two companies that hold all of the Medco Energi International interests in the Padre Island Prospect.

To fund the acquisition the Company has arranged an unsecured US\$1,000,000 debt facility from Sampala Investments Pty Ltd ("Sampala"), a company in which Mr Craig Burton is a director. The terms of this facility are:

1. The loan will bear interest at 8% pa accrued monthly;
2. A loan establishment fee of 4% is payable;
3. The loan and interest is repayable upon Golden Gate completing any capital raisings or 6 months after the loan is drawn down it is repayable on demand by Sampala; and
4. Golden Gate will use best endeavors to undertake a capital raising as soon as practicable following completion of this acquisition in order to repay the loan.

Golden Gate intends to undertake a capital raising once it has determined its final working interests in the upcoming wells.

PRODUCTION

During the quarter Golden Gate's estimated share of production from its USA operations was 23.5 million cubic feet of gas and 211 barrels of oil.

FUTURE DRILLING PROGRAMMES

Prospect Name	Current Anticipated Start Date
Plum Deep	Dec 2005/Jan 2006
Manzano	March 2006
Murdock South	May 2006

On behalf of the Board of Directors

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The hydrocarbon information in the release is compiled by Mr Sam Russotti, BSc (Geol) who has 31 years relevant experience in the Oil and Gas Industry.

Padre Island Location

Padre Island, located in Texas on the Gulf of Mexico coastline, is a proven hydrocarbon producing area. The JV has acquired 143 drilling leases to date, covering an estimated area of 28,000 hectares along Padre Island, through 3 phases of acquisition activity, with an option to acquire a further 12,000 hectares. These drilling leases are located within a project area that is 130 km long by 10 km wide. The JV has acquired and is interpreting 124,000 hectares of 3D seismic data within the project area.



Figure 1 – Location of Project
The Project is located in Texas, USA on the Gulf of Mexico coastline