

# Quarterly

Report for the three months ended 31 March 2007

**Share Price** 20cents

**Shares on Issue** 176,103,950

**Market Cap** \$35m

## Directors & Management

Mr Sam Russotti | Executive Chairman

Mr Mark Freeman | Finance Director

Mr Jeffrey Copley | Technical Director

Mr Frank Petruzzelli | Director

**Gas Price** US\$7.29 MMBTU

**Oil Price** US\$65.20 BBL

## Summary

- Wilson Well drilling sidetrack section
- Golden Gate's gross share of production averaged **1.86 million** cubic feet of gas equivalent per day for the quarter
- Appointment of Technical Director
- \$3m convertible note issue completed



GOLDEN GATE PETROLEUM LTD

ABN 34 090 074 785

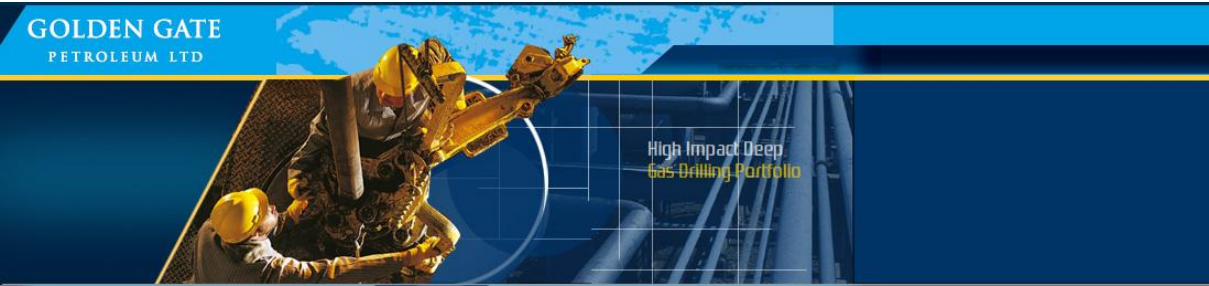
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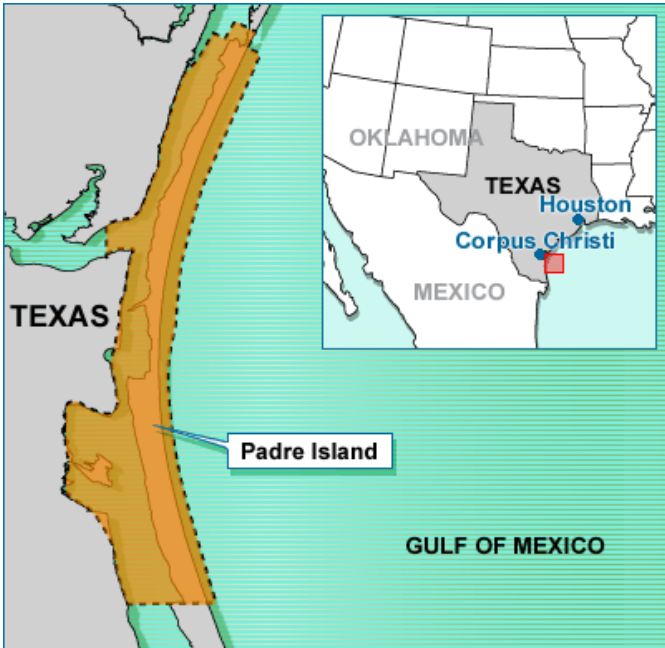
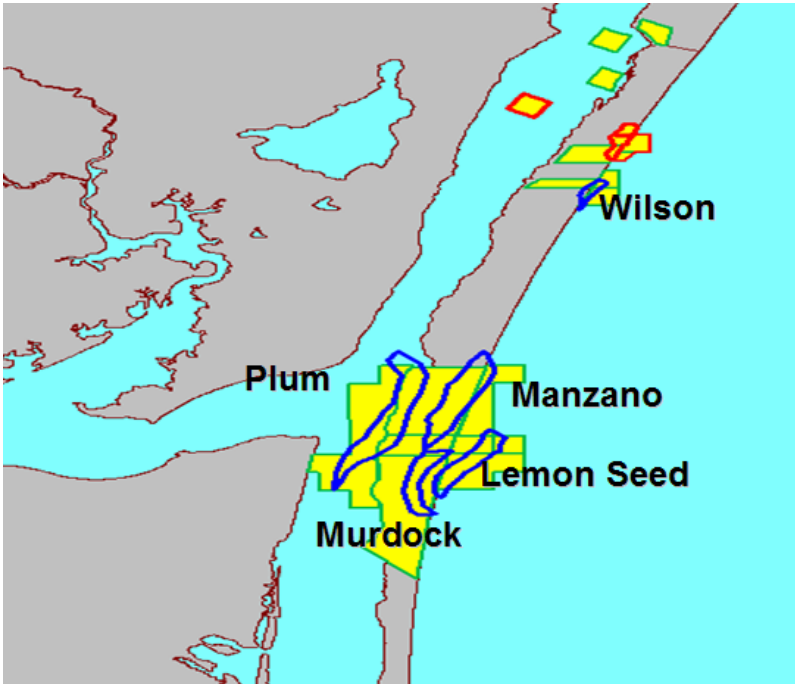
[info@ggpl.com.au](mailto:info@ggpl.com.au)

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# Project

Locations



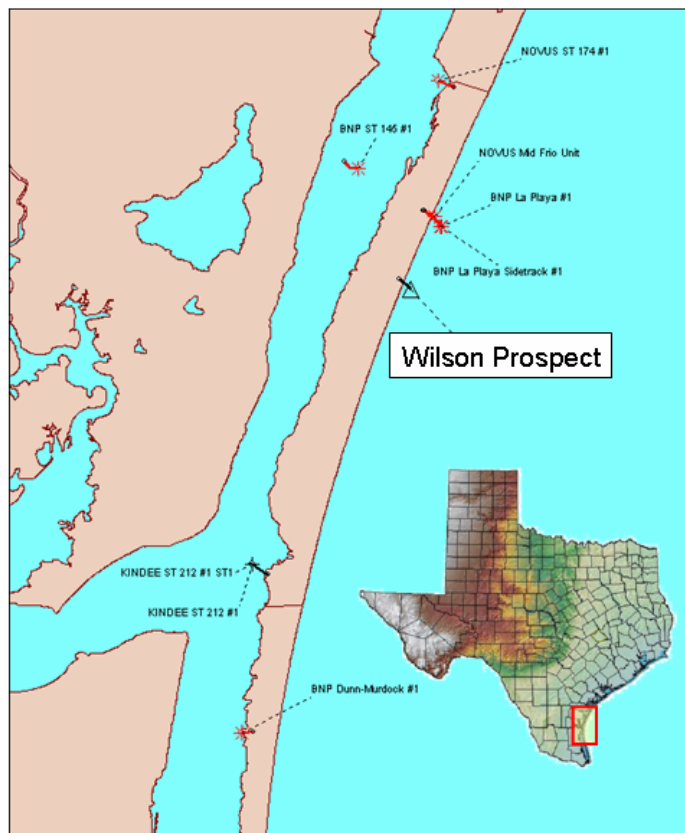
# Wilson prospect

To Spud mid February

The Kindee ST 949 #1 well on the Wilson Structure was spudded on 7 February 2007 (Texas, USA).

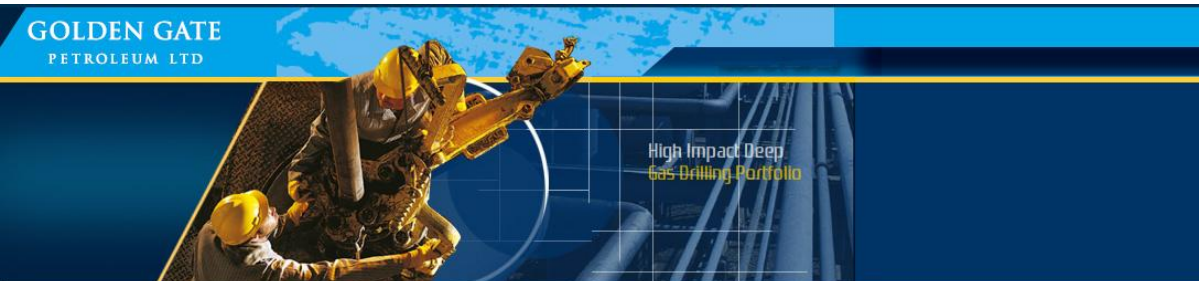
The current operation is drilling sidetrack to deviate around stuck 7" liner and redrilling the hole to 10,000 feet (measured) where the liner will again be run prior to drilling ahead to the planned total depth of 12,400 feet (measured depth).

During the original attempt to run the liner the well bore collapsed and the liner became stuck when it had reached 9,300 feet. After several days of effort to free the liner approximately 50% of it was retrieved. To free the remaining liner would take much longer than it would to deviate and redrill. After the section is redrilled with an 8 ½" bit it will be opened out to approximately 9" and the hole conditioned and cleaned prior to running the liner. After the 7" liner is run and cemented drilling will continue to test the primary objectives whose equivalents are the productive zones in the Company's producing wells. Drilling to the wells planned total depth of 12,400 feet (including redrilling the lost section) is estimated to take a further three weeks.



Partners in the ST Kindee #1 well are:

Golden Gate Petroleum Ltd	58.23% WI
Modena Resources Limited	10.00% WI
Pantheon Resources Plc	31.77% WI



# Plum Deep Prospect

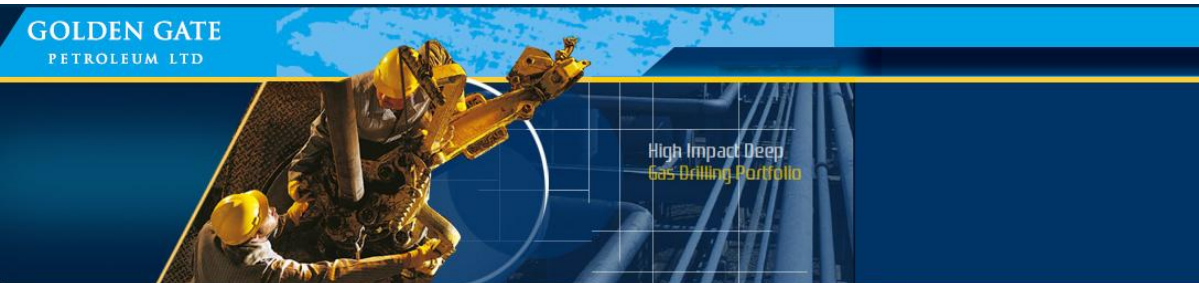
Currently evaluating

The Kindee ST212 #1 well on the Plum Deep Structure was spudded on 1 August 2006 (Texas, USA). On 10 January 2007 the Company advised that the testing and sampling programme undertaken in the deeper zones have determined the zones non-commercial.

A fourth shallower zone remains to be tested. This is behind the 7" liner. Indications of a potential gas-bearing zone were recorded over an approximate interval of 25 feet. A workover rig will be contracted to undertake this process.

Partners in the ST Kindee #1 well are:

Golden Gate Petroleum Ltd	37.5% WI
Lodore Oil & Gas LP	37.5% WI
Pantheon Resources Plc	25.0% WI



# Production

for the quarter ended 31 March 2007

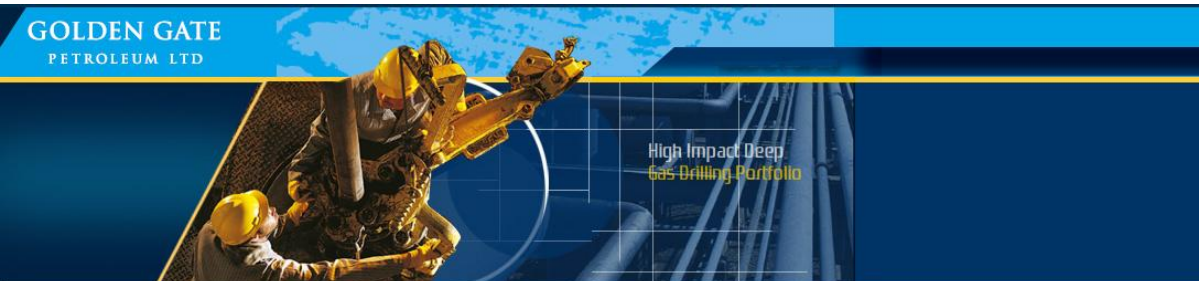
During the quarter Golden Gate's estimated net share of production from its USA operations was **168** million cubic feet of gas and **1,928** barrels of oil.

Based on current production rates Golden Gate's gross share of production from Padre Island is currently around **1.95** million cubic feet of gas and **22** barrels of oil per day.

# Appointment of Technical Director

Golden Gate Petroleum Ltd is pleased to announce the appointment of Mr Jeff Copley to the position of Technical Director.

Mr Copley has over 30 years experience in onshore and offshore international oil and gas exploration and development with an emphasis on new project generation. Mr Copley has a Masters of Science in Geophysics from the Colorado School of Mines. This appointment will substantially strengthen the Company's project development team.



# Fundraising

The Company entered into convertible note agreements with major shareholder and sophisticated investors to provide AUD\$3m funding to the Company. These notes are repayable after 2 years and may be converted at 26.5c converting to 11.3m ordinary shares at the election of the Noteholder. The Notes have a 10% coupon payable quarterly and are secured against the Company's producing wells on Padre Island.

The funds raised from the issue will provide ongoing working capital towards the Company's drilling programme on Padre Island.

## For further information contact:

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Executive Chairman  
Phone +61 2 6587 4348

Mark Freeman  
Finance Director  
Phone +61 8 9324 1177

**This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Golden Gate this its expectations, estimates and forecasts outcomes will be achieved.**

*Information contained in this report was compiled from information provided by Sam Russotti, who has had more than 35 years collective experience in the practise of petroleum geology. Mr Russotti has consented to the inclusion in this report of the matters based on this information and the context in which it appears.*

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 March 2007

### 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	774	3,109
1.2 Payments for		
(a) exploration and evaluation	(4,138)	(9,850)
(b) development		
(c) production	(200)	(730)
(d) administration	(128)	(358)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	16	38
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(3,676)</b>	<b>(7,791)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(e) prospects		
(f) equity investments (net of receivables and cash)		
(g) other fixed assets	(1)	(1)
1.9 Proceeds from sale of:		
(h) prospects		11
(i) equity investments		
(j) other fixed assets		
1.10 Loans from other entities		
1.11 Refunds/(Payments) of Security Deposits		(87)
<b>Net investing cash flows</b>	<b>(1)</b>	<b>(77)</b>
1.13 Total operating and investing cash flows	<b>(3,677)</b>	<b>(7,868)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (carried forward)	(3,677)	(7,868)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1	9,041
1.15	Costs of the Issue	(237)	(275)
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	(236)	8,766
	<b>Net increase (decrease) in cash held</b>	(3,913)	898
1.20	Cash at beginning of quarter/year to date	8,026	3,460
1.21	Exchange rate adjustments to item 1.20	(70)	(315)
1.22	<b>Cash at end of quarter</b>	4,043	4,043

**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	186
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 a fully serviced office.

**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		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	3,500
4.2 Development	
<b>Total</b>	<b>3,500</b>

**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	Previous quarter \$A
5.1 Cash on hand and at bank	4,043	8,026
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,043</b>	<b>8,026</b>

**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	Kingsway	Direct	37.5%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 <b>Preference *securities</b>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	176,104,770	176,104,770		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		820	65 cents	65 cents
7.5 <b>*Convertible debt securities (description)</b>	Number	+Class		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options (description and conversion factor)</b>	9,275,000		<b>Exercise price</b> 33 cents (200k) 33 cents (1m) 22 cents (1.325m) 22 cents (3.5m) 54 cents (3.25m)	<b>Expiry date</b> 19 Aug 2008 1 Dec 2008 21 Nov 2009 1 Dec 2008 31 Dec 2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	25,000 800,000 1,675,000 1,000,000		32 cents 44 cents 22 cents 54 cents	2 Mar 2007 18 Feb 2007 21 Nov 2009 31 Dec 2009
7.11 <b>Debentures (totals only)</b>	0			
7.12 <b>Unsecured notes (totals only)</b>	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.

Mark Freeman

Finance Director/Company Secretary

Date: 30 April 2007

## 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.

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