



# GOLDEN GATE PETROLEUM LTD

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30 April 2005

Market Release (*via electronic lodgement*)

## QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2005

- ❖ Syd A2 averages a consistent production rate of 175 mcf per day
- ❖ Commencement of gas sales from Syd A3
- ❖ Bethany drilling to resume at end of April with 8 follow up drilling locations
- ❖ West Bird #1 successfully worked over and re-completed
- ❖ LaPlaya #1 undergoing work over and re-completion
- ❖ Continued production from LaPlaya Deep #1

### BETHANY (100% WORKING INTEREST) – LOCATION: EAST TEXAS

Over the past few weeks work has continued on the installation of production facilities and addressing the problems of water ingress on Syd A2 and A3. The installation of a compressor has enabled Syd A2 to consistently produce at a cyclic rate ranging from 140 to 250 mcf per day giving an average of 175 mcf per day (the cycle is caused by the well loading and unloading a small volume of water). A beam pump has been obtained and will be installed this week. The beam pump will be used to regularly unload water from the well and should result in a flat production rate of around 200 mcf per day.

A beam pump was installed on Syd A3 and the well was pumped through March. During that time it flowed an average of 30 barrels of water per day along with some oil estimated at 3 to 5 barrels per day but no sign of gas. The Company has approximately 240 barrels of oil in storage which will be sold during May. More recently there has been gas break through and gas has flowed at between 40 and 60 mcf per day indicating that the well is cleaning up and that it is likely that it will become another producer. At present the well has been shut in while existing storage tanks are emptied and cleaned to make room for more production once pumping is resumed. All gas produced from this testing is piped into the sales gas pipeline and so is contributing to revenue.

Syd A1 remains shut in having depleted the thin Puluxy zone. The well has become subject to a claim whereby a third party has claimed ownership to the Puluxy at that location. The claim only involves the Puluxy in Syd A1 and its validity has not been fully determined. The matter is currently being negotiated between the parties. As the zone produced very little gas and is now depleted this claim, if successful is not likely to have any material impact on the Company.

The Company has contracted a drilling rig for the continuation of its Bethany drilling program. The rig has been undergoing an overhaul and is expected to be ready by the end of April. It will first attempt a

re-completion of well #2501 (an old well previously an oil producer). Following the re-completion of well #2501 the rig will spud the next Bethany well, Syd A4.

Syd A4 will be targeting a gas reservoir estimated to be 30 to 40 feet thick. In the event of a successful well, 8 more drilling locations targeting this reservoir have been selected.

**PADRE ISLAND (10% WORKING INTEREST) – LOCATION: SW GULF OF MEXICO**

The Company believes that the conclusion of the sale of Medco Energy’s 70% interest in the Padre Island Joint Venture (“JV”) is imminent and the new owner and JV Operator should be known shortly. Following which the JV will then determine the timing for the resumption of drilling.

In other developments West Bird #1 has been worked over and re-completed resulting in an average production rate of 1,000 mcf per day. LaPlaya #1 is in the process of a work over and re-completion that is expected to be finished next month. LaPlaya Deep #1 continues to produce and its current rate is averaging 200 mcf per day. Homerun #1 was plugged and abandoned after suffering casing failure.

During the quarter the Padre Island JV released approximately 3,000 gross acres of leases (out of its holdings of more than 60,000 gross acres) as the interpretation of data indicated those leases did not hold significant prospects.

**PRODUCTION**

During the quarter Golden Gate’s estimated share of production from its USA operations was 14.1 million cubic feet of gas and 91 barrels of oil.

**FUTURE DRILLING PROGRAMMES**

<b>Prospect Name</b>	<b>Current Date</b>	<b>Anticipated</b>	<b>Start</b>
Syd A4 Bethany	May 2005		
Syd A5 Bethany	May 2005		
Syd A6 Bethany	June 2005		
Manzano	Third/fourth quarter 2005		
Murdock South	TBA		
Plum Deep	TBA		

**CORPORATE**

During the Quarter the Company's share registry changed addresses. Below are the new contact details:

**Street Address:**

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands  
WA 6009

**Postal Address:**

Advanced Share Registry Services  
PO Box 1156  
Nedlands  
WA 6909

**Telephone:**

08 9389 8033

**Fax:**

08 9389 7871

On behalf of the  
Board of Directors

***For further information contact:***

Sam Russotti  
Managing Director  
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Mark Freeman  
Company Secretary  
Phone +61 8 9324 1177

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.

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 2005

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	144	446
1.2 Payments for		
(a) exploration and evaluation	(394)	(1,636)
(b) development	(178)	(756)
(c) production	(28)	(66)
(d) administration	(71)	(356)
(e) cash (advance to)/ applied by JV Operator	28	285
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	15
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>(489)</b>	<b>(2,068)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(f) prospects		
(g) equity investments		
(h) other fixed assets		(1)
1.9 Proceeds from sale of:		
(i) prospects		102
(j) equity investments		84
(k) other fixed assets		
1.10 Loans from other entities		
1.11 Loans repaid to other entities		
1.12 Cash recognised from acquisitions of subsidiaries		
<b>Net investing cash flows</b>		<b>185</b>
1.13 Total operating and investing cash flows	<b>(489)</b>	<b>(1,883)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (carried forward)	(489)	(1,883)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		2,000
1.15	Costs of the Issue		(14)
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>		1,986
	<b>Net increase (decrease) in cash held</b>	(489)	103
1.20	Cash at beginning of quarter/year to date	1,932	1,452
1.21	Exchange rate adjustments to item 1.20	17	(95)
1.22	<b>Cash at end of quarter</b>	1,460	1,460

**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	70
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Director and employee services provided by Mr S Russotti for the period aggregated \$38,150.

Director and employee services provided by Mr F Petruzzelli and MDB & Co, a company in which Mr Petruzzelli is a director, for the period aggregated \$12,413 (GST Inclusive).

Director services paid to Verona Capital Pty Ltd, a company in which Mr Craig Burton is a director, for the period aggregated \$19,250 (GST Inclusive).

**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	300
4.2 Development	
<b>Total</b>	<b>300</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	1,460	1,932
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,460</b>	<b>1,932</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			
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>	138,416,951	138,416,951		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities (description)</b>	Number	<sup>+</sup> 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>	41,446,629	28,461,629	Exercise price 65 cents (28M) 30 cents (11M) 20 cents (0.96M) 44 cents (0.8M) 32 cents (25k) 33 cents (200k) 33 cents (1m)	Expiry date 31 Dec 06 10 August 06 31 May 06 18 Feb 07 2 March 07 19 Aug 2008 1 Dec 2008
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures (totals only)</b>	0			

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	0	
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## 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

Company Secretary

Date: 30 April 2005

## 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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+ See chapter 19 for defined terms.