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31 July 2006

Market Release (*via electronic lodgement*)

QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2006

- ❖ Large Plum Deep Prospect to commence drilling
- ❖ Golden Gate's gross share of production averaged 1.5 million cubic feet per day for the quarter.

LARGE PLUM DEEP PROSPECT TO COMMENCE DRILLING

Parker Drilling's rig number 122 is on location at Padre Island and is scheduled to commence drilling of the Kindee ST 212 #1 well on the Plum Deep Structure on or around 2 August 2006.

The Plum Deep Structure is considered to be a world class exploration prospect with gross P50 reserve potential estimated to be around 293 Billion Cubic Feet of gas ("BCF").

Golden Gate will operate the well with a 37.5% interest and under joint venture arrangements with IB Daiwa and Pantheon Resources will be contributing 33.33% towards the drilling costs to casing point.

The well lies within the same fault trap as Dunn-Peach # 6 but is targeting deeper reservoirs between 9,500 and 15,000 feet (total vertical depth). Dunn-Peach # 6 was confirmed as a discovery in early 2006 and is currently flowing gas at a rate of 1.9 million cubic feet per day ("mmcf"). The discovery of hydrocarbons in the shallow section is a positive indication for the Plum Deep Structure as it confirms that it underlies a natural gas accumulation.

The Kindee ST 212 #1 well is the first of an active 8 well exploration programme on Padre Island over the next 24 months in both the shallow and deep sections as indicated in Table 1 below.

Extensive evaluation has confirmed 6, mature high-quality deep exploration targets of which Plum Deep, Manzano and Murdock South have been identified as the 3 largest prospects; each offering the potential for significant additional reserves and early cash flow. All the currently defined prospects are planned to be drilled from onshore locations, with the possible exception of Kingsway. This offers the advantage of substantially reduced costs (both for exploration and development) compared with drilling from offshore locations. It also reduces significantly the lead times to production in the event of successful exploration.

In addition to these high impact deep prospects, Golden Gate also has an active programme targeted at low risk smaller, shallow prospects. 3 wells are planned comprising an exploration well on the Wilson prospect and 2 development wells on the La Playa Shallow fields. These shallow prospects are highly attractive targets and any successful wells can be quickly put on production due to the under-utilised infrastructure that exists on Padre Island.

Table 1: Golden Gate Planned Drilling Programme

Prospect/Well	Target/Type	P50 BCF	Estimated Start Date	Golden Gate	BNP	IB Daiwa	Pantheon Resources
Plum Deep*	Deep/exploration	293	July 06	37.5%	-	37.5%	25%
Wilson*	Shallow/exploration	5	September 06	37.5%	-	37.5%	25%
Manzano*	Deep/exploration	337	October 06	37.5%	-	37.5%	25%
2 x La Playa	Shallow/development	6	Second half 06	35.0%	65%	-	-
Murdoch South*	Deep/exploration	232	First Qtr 07	37.5%	-	37.5%	25%
Lemonseed*	Deep/exploration	67	Second Qtr 07	22.5%	30%	22.5%	25%
Kingsway*	Deep/exploration	16	Second half 07	37.5%	-	37.5%	25%

* Operated by Golden Gate

Since commencement of its Padre Island operations, Golden Gate has participated in the drilling of 7 wells and has substantially increased its interest in the project. All 7 wells encountered gas and 5 of these resulted in field discoveries that have been put on commercial production (a 71% success rate). Of these, 3 fields are still in production.

PRODUCTION

During the quarter Golden Gate's estimated net share of production from its USA operations was **132.2** million cubic feet of gas and **1,342** barrels of oil.

Based on current production rates Golden Gate's gross share of production from Padre Island is currently around **1.5** million cubic feet of gas and **14** barrels of oil per day. This represents a more than 7 fold increase over pre July 2005 production rates.

On behalf of the Board of Directors.

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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.

<p><i>Information contained in this report was compiled from information provided by Sam Russotti and Michael Bell, who have had more than 60 years collective experience in the practise of petroleum geology. Both Messrs Russotti and Bell have consented to the inclusion in this report of the matters based on this information and the context in which it appears</i></p>

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")

30 June 2006

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	1,187	3,336
1.2 Payments for		
(a) exploration and evaluation	(2,545)	(3,682)
(b) development	-	(562)
(c) production	(224)	(484)
(d) administration	(132)	(357)
(e) cash (advance to)/ from JV	135	-
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	14
1.5 Interest and other costs of finance paid	-	(110)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(2,076)	(1,845)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(f) prospects		
(g) equity investments (net of receivables and cash)		(1,540)
(h) other fixed assets		(8)
1.9 Proceeds from sale of:		
(i) prospects	573	1,261
(j) equity investments		
(k) other fixed assets	-	(8)
1.10 Loans from other entities		
1.11 Refunds/(Payments) of Security Deposits	67	(146)
Net investing cash flows	640	(443)
1.13 Total operating and investing cash flows	(1,436)	(2,278)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(1,436)	(2,278)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	192	4,293
1.15	Costs of the Issue	(2)	(215)
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	190	4,078
	Net increase (decrease) in cash held	(1,246)	1,800
1.20	Cash at beginning of quarter/year to date*	4,464	1,111
1.21	Exchange rate adjustments to item 1.20	242	550
1.22	Cash at end of quarter	3,460	3,460

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	59
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	3,000
4.2 Development	
Total	3,000

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	3,460	4,464
5.2 Deposits at call		0
5.3 Bank overdraft		0
5.4 Other (provide details)		0
Total: cash at end of quarter (item 1.22)	3,460	4,464

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 Preference securities				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	151,103,950	151,103,950		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		960,000	20 cents	20 cents
7.5 *Convertible debt securities (description)	Number	+Class		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	47,991,369	28,466,369	Exercise price 65 cents (28M) 30 cents (11M) 44 cents (0.8M) 32 cents (25k) 33 cents (200k) 33 cents (1m) 22 cents (3m) 22 cents (3.5m)	Expiry date 31 Dec 06 10 August 06 18 Feb 07 2 March 07 19 Aug 2008 1 Dec 2008 21 Nov 2009 1 Dec 2008
7.8 Issued during quarter				
7.9 Exercised during quarter		960,000	20 cents	20 cents
7.10 Expired during quarter				
7.11 Debentures (totals only)	0			

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<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

Finance Director/Company Secretary

Date: 31 July 2006

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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