

# Quarterly

Report for the three months ended 30 June 2009

**Share Price** 5 cents

**Shares on Issue** 272,867,197

**Market Cap** \$A14 m

## Directors & Management

Mr Sam Russotti | Chairman

Mr Steve Graves | Managing Director

Mr Frank Petruzzelli | Director

Mr Chris Bowyer | Company Secretary

**Gas Price  
(Henry Hub)** US\$3.34 MMBTU

**Oil Price** US\$66.94 BBL

## Highlights

- Successful completion of Jumonville #2
- Production from two wells on the Bullseye Project
- Commencement of Reserve Study for Bullseye

## Production

- Golden Gate's current average gross share of production is presently ~265 bbls oil per day and 860 mcf/d gas.
- Total gross share of production for the quarter was 9,763 barrels of oil and 69 million cubic feet of gas.

## Corporate

- Rollover of \$3,000,000 of convertible notes.
- General Meeting on 3 August 2009



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# Louisiana Wells

## **Jumonville #2 Bullseye Prospect, Iberville Parish, Louisiana, Operator 33.25% WI**

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As announced on 30 June 2009, Jumonville #2 successfully perforated and commenced production from the Miogyp sandstone with an initial production rate of 750 barrels of oil per day and 250,000 cubic feet of gas. The well continues to produce at 600 bbl oil per day and 350 mcf gas per day.

The Jumonville #2 well was been brought into immediate commercial production providing a substantial increase to cash flow. Jumonville oil is high quality 40 gravity oil which under the current sales contract yields a \$2 per barrel premium to West Texas Intermediate (WTI).

Golden Gate is delighted to have successfully drilled and tested this complex well. All of the objective formations were penetrated and the Jumonville #2 well has delivered an excellent commercial result in its prime objective. In addition, the Jumonville #2 well still has another oil zone yet to be tested in the Camerina section which provides further upside across the Bullseye prospect along with the Marg Vag, a new interval which is a highly productive oil zone north of the Bullseye Prospect and has been penetrated in the Jumonville #1 and #2 wells.

Golden Gate has a 33.25% working interest in the Jumonville #2 well and is the operator.



## **Jumonville #1 Bullseye Prospect, Iberville Parish, Louisiana, Operator 33.25% WI**

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The well produced 28,895 bbl of oil and 19,657 mcf of gas for the quarter ending 30 June 2009 and total overall production since initial production has been 110,533 bbl of oil and 41,080 mcf of gas.

## **Acosta #1 Well, Bullseye Prospect, Iberville Parish, Louisiana, Operator 33.25% WI**

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With the normal increase in water production from the water drive Miogyp interval, the Joint Venture elected to convert the Acosta well into a salt water disposal well at a low cost while still retaining the well bore to eventually drill a side track in order to develop one of the new Miogyp locations and or test the Camerina. The financial benefit of injecting produced water is material as current costs of disposing of water is over \$4 per barrel. This disposal well is presently saving the joint venture over US\$200,000 per month in water disposal costs and has substantially reduced operating costs.

Given the current economic benefit of using the Acosta well for water disposal, testing of the Camerina in this well will most likely occur after testing of the Camerina in the Jumonville #1 well. However, there are opportunities in the present market to drill a new very low cost disposal well which may change current plans.

## Bullseye Prospect Reserve Study

Following the drilling and completion of Jumonville #2 the Company has commissioned a Reserve Study to quantify the proven and probable reserves of the Miogyp discovery at the Bullseye prospect. It is anticipated that the study results will be announced in October to December quarter 2009.

## Bullseye Prospect Facilities



Tank Battery and Flow lines

Following the commencement of oil being produced from Jumonville #1 in late September 2008 the Company commenced construction of production facilities to cater for production of both oil and gas.

The tank battery and surface production facilities consists of four 1,500 bbl tanks, water injection tanks, separators, heater treater, dehydration units along with various flow lines capable of handling the Miogyp development.

The construction of these facilities over a very small period represents a significant achievement and has enabled the Company to continue producing and selling both oil and gas in order to assist with funding the drilling of Jumonville #2.

The current capacity is adequate to cater for 3,000 barrels of oil and 5 million cubic of gas per day.

Included is a selection of photographs displaying the facilities that have been constructed at the project site.



Two and Three Phase separators plus Heater Treator for Jumonville # 1



Trucks lined up for Oil Pickup at Bullseye Tank Battery.

# East Texas

## **Bowtie West #1, Brazoria & Matagorda County, Tx, Non-Operator 18% WI.**

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The Operator confirmed that all leasing matters are in the final stages of completion and drilling is now planned for early 2010.

# Padre Island

## Production & Operations

Gross gas production for the quarter was 222,486 mcf. The Company advises that the Dunn McCampbell 11A and the Mid Frio #1 wells are currently on production and the Company is assessing options for recommencement of production from the La Playa wells where there are several new gas bearing intervals that need to be tested.

The Company advises that the current operator remains under financial constraints which continue to impact future operations. The Company is closely monitoring the situation and will take whatever actions necessary to continue operations.

# Production

for the quarter ended 30 June 2009

During the quarter Golden Gate's estimated gross share of production from its USA operations was 9,763 barrels of oil and 69 million cubic feet of gas. At current oil and gas prices net revenue to GGP is estimated at \$450,000 per month.

# Corporate

## Convertible Note

On 3 June 2009 the Company announced the rollover of 11,320,754 convertible notes with a face value of \$3,000,000 subject to shareholder approval on the following terms:

- Coupon rate of 15%;
- Conversion rate of a 10% discount to the 5 day VWAP but no greater than 7 cents per note;
- The proposal is subject to shareholder approval; and
- Best endeavors to undertake early redemption by the Company through either increased cashflow generation from its recently drilled well or other fundraising activities.

## General Meeting

Shareholders are reminded that the Company will be holding a general meeting at Level 1, 566 Elizabeth Street, Melbourne, Victoria on 3 August 2009, at 3.30pm (Eastern Standard Time).

### *For further information contact:*

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Managing Director  
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Sam Russotti  
Chairman  
Phone +61 2 6587 4348

The information in this report has been reviewed and signed off by Mr Steve Barrett, Geologist (MSc. Geophysics), with over 30 years relevant experience within oil and gas sector.

## Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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 2009

### 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	1,147	12,125
1.2 Payments for		
(a) exploration and evaluation	(2,931)	(13,965)
(b) development	(486)	(7,203)
(c) production	(302)	(2,961)
(d) administration	(184)	(974)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	26
1.5 Interest and other costs of finance paid	(125)	(357)
1.6 Income taxes paid		
1.7 Unapplied Cash Advance to Operator	-	-
<b>Net Operating Cash Flows</b>	<b>(2,877)</b>	<b>(13,309)</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		
1.9 Proceeds from sale of:		
(h) prospects	1,320	2,073
(i) equity investments		
(j) other fixed assets		
1.10 Loans from other entities		
1.11 Refunds/(Payments) of Security Deposits	-	(28)
<b>Net investing cash flows</b>	<b>1,320</b>	<b>2,045</b>
1.13 Total operating and investing cash flows	(1,557)	(11,264)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (carried forward)	(1,557)	(11,264)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	6,154
1.15	Costs of the Issue	-	(213)
1.16	Proceeds from borrowings	187	4,292
1.17	Repayment of borrowings	(187)	(792)
1.18	Dividends paid		
1.19	Other (provide details if material)		
<b>Net financing cash flows</b>		-	9,441
<b>Net increase (decrease) in cash held</b>		(1,557)	(1,823)
1.20	Cash at beginning of quarter/year to date	3,330	2,745
1.21	Exchange rate adjustments to item 1.20	(391)	460
1.22	<b>Cash at end of quarter</b>	1,382	1,382

**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	129
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 which includes accounting staff.

**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

An unsecured AUD\$1,000,000 overdraft facility established 28 June 2007 has expired.

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	6,500	6,500
3.2 Credit standby arrangements	6,212	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	700
<b>Total</b>	<b>1,700</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'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,382	3,330
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,382</b>	<b>3,330</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>	272,867,197	272,867,197		
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 38,888,888	<sup>+</sup> Class	<b>Conversion \$</b> 9 cents	<b>Maturity</b> 2 March 14
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	11,320,754		26.5 cents	15 May 09
7.7 <b>Options (description and conversion factor)</b>	23,450,000		<b>Exercise price</b> 54 cents (3.25m) 25 cents (2m) 35 cents (17.60m) 40 cents (0.6m)	<b>Expiry date</b> 31 Dec 09 30 June 10 30 Oct 10 31 Aug 11
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
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.

Chris Bowyer

Company Secretary

Date: 31 July 2009

## 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.