

29 March 2004

Manager Announcements  
Companies Announcements Office  
Australian Stock Exchange Limited  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000



*via facsimile*

Dear Sir/Madam,

### **UPDATE ON LA PLAYA DEEP # 1**

The Board is pleased to advise that the Company has received electric logs and sidewall core data from La Playa Deep #1. Analysis of the logs has identified five zones between 10,973 (the bottom of the 7 inch liner) and 15,040 feet that warrant further investigation. These zones range in thickness from approximately 90 to 160 feet and consist of finely laminated sand and shale. Together the five zones result in a cumulative gross thickness of around 600 feet (as measured in the inclined borehole). The data so far indicates that reservoir quality is variable with permeability ranging from tight to moderately fair for a gas reservoir. It is Golden Gate's view that these reservoirs should be capable of flowing at commercial rates if stimulated by fracing techniques.

Once a 4 ½ inch production liner is run and cemented the deepest zone will be perforated, tested and if necessary fraced. If that zone flows gas at commercial rates it will be completed and tied into the sales grid. If it fails to flow gas, then the next zone up the hole will be perforated, and tested. This process will continue until either a commercial gas flow is obtained or all zones have been tested. Testing is expected to commence in 4 to 6 weeks.

Mr. Russotti commented "This progressive method of testing is the norm in the US as it has both environmental and economic benefits. It does, however, mean that if the testing of a zone is successful, then the zones above it cannot be tested until that productive zone is depleted and the next higher zone can be perforated or can be tested by an appraisal well. Golden Gate believes that each of these zones shows the potential to flow gas and it is probable that a commercial completion will be achieved in at least one of these zones.

At this stage caution must be exercised in drawing any conclusions regarding ultimate reserves as there are critical factors which have not yet been determined. These factors include the level of gas saturation in the zones, the amount of effective reservoir (net to gross) and the area which the well will be capable of draining. These factors can only be confidently determined from test results, production history and where necessary the results of future appraisal wells."

Mr. Russotti added “So far this has been a good result for Golden Gate. We have a probable commercial completion in this well and the occurrence of potential reservoir at this depth upgrades the other prospects in the portfolio.”

## **FUTURE DRILLING**

The next well scheduled is Homerun. This well is expected to spud late in April and will take approximately 80 days to drill.

On behalf of the  
Board of Directors

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Sam Russotti: Managing Director

***Any questions should be directed to***

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