

23 April 2004

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



*via electronic lodgement*

Dear Sir/Madam,

## **QUARTERLY REPORT FOR PERIOD ENDED 31 MARCH 2004**

### **HIGHLIGHTS**

- La Playa Deep
- Home Run
- Dunn-Murdoch
- Bethany Acquisition
- Future Drilling Programmes
- Corporate

### **LA PLAYA DEEP #1**

As previously announced during the quarter the La Playa Deep #1 well was drilled to a depth of 15,050 ft. Analysis of electric logs and sidewall core data identified five zones between 10,973 (the bottom of the 7 inch liner) and 15,040 feet that warranted 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 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.

The completion rig is due to commence operations at site on 26 April 2004 and will run and cement 4 ½ inch production liner and 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. The Company expects that the first flow test will take place within two weeks of the completion rig arriving on location.

Results to date have been promising and the Company expects probable commercial completion and the occurrence of potential reservoir at this depth upgrades the other prospects in the portfolio. However, 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.

### **SPUDDING OF HOMERUN #1**

As announced Homerun #1 well spudded at 2:00 AM on Monday, 19th April 2004 local time and is expected to take 80 days to reach its programmed total depth.

Homerun is the second well of the Padre Island Joint Venture (**PIJV**) renewed exploration drilling campaign looking for deep shelf gas beneath Padre Island, Texas.

The first target at Homerun is roughly equivalent to the section encountered at total depth at the recently-drilled La Playa Deep prospect, while the second and third target horizons are older and are essentially untested in the area. The probabilistically-derived, pre-drill estimate of potential gas from all three target horizons in this well is 397 bcf at the P50 (median as determined by the BP study, Novus estimate is 194 bcf) level.

### **DUNN-MURDOCK #1**

Attempts to recomplete Dunn-Murdock #1 well were unsuccessful and the PIJV has agreed to plug and abandon the well.

### **ACQUISITIONS PRODUCTION LEASE IN NE TEXAS**

During the quarter the Company acquired the shallow rights to 2,336 acres of oil and gas leases in Panola County east Texas by the acquisition of a 100% working interest in the NE Bethany Waterflood Unit #3, a shut-in oil field. The leases are located near the Texas/Louisiana border approximately 30 kilometres west of the town of Shreveport. Golden Gate's rights extend from the surface to approximately 3,990 feet. Wells drilled on adjacent leases show the presence of up to four gas zones and three oil zones within that interval. All of the existing sixteen wells within the leases were drilled for the purpose of producing from the oil zones and therefore have not had any significant impact on potential reserves within the gas zones.

The consideration for the acquisition was US\$350,000. Documents filed with the US Securities commission indicate that there remain proven undeveloped reserves of 4.5 bcf of gas and 744,888 barrels of oil (net to Golden Gate) within the leases. That equates to an approximate acquisition cost of US 23 cents per barrel of oil equivalent.

Successful exploitation of Bethany will augment the Company's cash flow and enable it to better support its continued participation in the high impact Padre Island prospects. Holding all of the working interest means that Golden Gate is the operator and will be in control of drilling operations. The shallow prospects can be drilled cheaply. The infrastructure already present in the area will enable any success to be quickly tied in and produced.

To date the Company has assembled a small team and expects to commence drilling in July 2004.

## FUTURE DRILLING PROGRAMMES

Prospect Name	Current Planned Start Date
Homerun	Currently Drilling
Bethany (Syd 1A)	July
Murdock South	August/September, 2004
Manzano	TBA
Plum Deep	TBA
Lemonseed	TBA

## CORPORATE

During the quarter the Company closed a \$2.1m placement oversubscribed through the issue of 7,000,000 shares at 30 cents each.

The funds are being used to augment the working capital of the Company available for the Padre Island deep wells and the Bethany wells. The shares were issued under the directors' 15% capacity pursuant to listing rule 7.1.

*On behalf of the Board of  
Golden Gate Petroleum Ltd*

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 2004

### 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	164	584
1.2 Payments for		
(a) exploration and evaluation	(533)	(1,456)
(b) development		
(c) production	(2)	(57)
(d) administration*	(52)	(265)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	24	51
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>(399)</b>	<b>(1,143)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(e) prospects	(459)	(459)
(f) equity investments		(134)
(g) other fixed assets	(2)	(59)
1.9 Proceeds from sale of:		
(h) prospects		150
(i) equity investments		52
(j) other fixed assets		
1.10 Loans to other entities		(1,283)
1.11 Loans repaid by other entities		
1.12 Cash recognised from acquisitions of subsidiaries		199
<b>Net investing cash flows</b>	<b>(461)</b>	<b>(1,534)</b>
1.13 Total operating and investing cash flows	(859)	(2,677)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (carried forward)	(859)	(2,677)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	2,100	4,100
1.15	Costs of the Issue	(71)	(358)
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>	2,029	3,742
	<b>Net increase (decrease) in cash held</b>	1,169	1,066
1.20	Cash at beginning of quarter/year to date	1,556	1,785
1.21	Exchange rate adjustments to item 1.20*	(4)	(129)
1.22	<b>Cash at end of quarter</b>	2,722	2,722

\* For the period to 31 Dec 2003 (\$125,844) of Exchange Rate adjustments were reflected in administration costs under section 1.2d. These costs are now reflected in section 1.21.

**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	34
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's and employee services provided by Mr S Russotti for the period aggregated \$20,000.

Director services and bonafide reimbursement of expenses were provided by MDB Coralton Pty Ltd, a company in which Mr F Petruzzelli is a director, under normal commercial terms and conditions for the period aggregated \$3,300 and \$1,602 respectively.

Director services were provided by Sequentes Pty Ltd, a company in which Mr C Burton is a director, under normal commercial terms and conditions for the period aggregated \$6,600.

Administrative services were provided by Mitchell River Group Pty Ltd, a company in which Mr C Burton is a director, under normal commercial terms and conditions for the period aggregated \$2,529.

**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	893
4.2 Development	293
<b>Total</b>	<b>1,186</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	2,722	1,556
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</b> (item 1.22)	<b>2,722</b>	<b>1,556</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	EL 23106	Subsidiary	100%	0%
	P57/947-954 P57/1032-1035	Direct	75%	0%
6.2 Interests in mining tenements acquired or increased	NE Bethany Field, Panola County, Texas, USA Water Flood Unit 3	Subsidiary	0%	100%

+ 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>	131,749,885	130,438,380		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		7,000,000	\$0.31	\$0.31
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>	41,246,629	28,461,629	Exercise price 65 cents (28M) 30 cents (11M) 20 cents (0.96M) 44 cents (0.8M) 32 cents (25k)	Expiry date 31 Dec 06 31 Dec 06 31 May 06 18 Feb 07 2 March 07
7.8 Issued during quarter		25,000	32 cents	2 March 07
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.



Sign here:

Company secretary

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Date: 23/04/2004

Print name: Mark Freeman

## 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.